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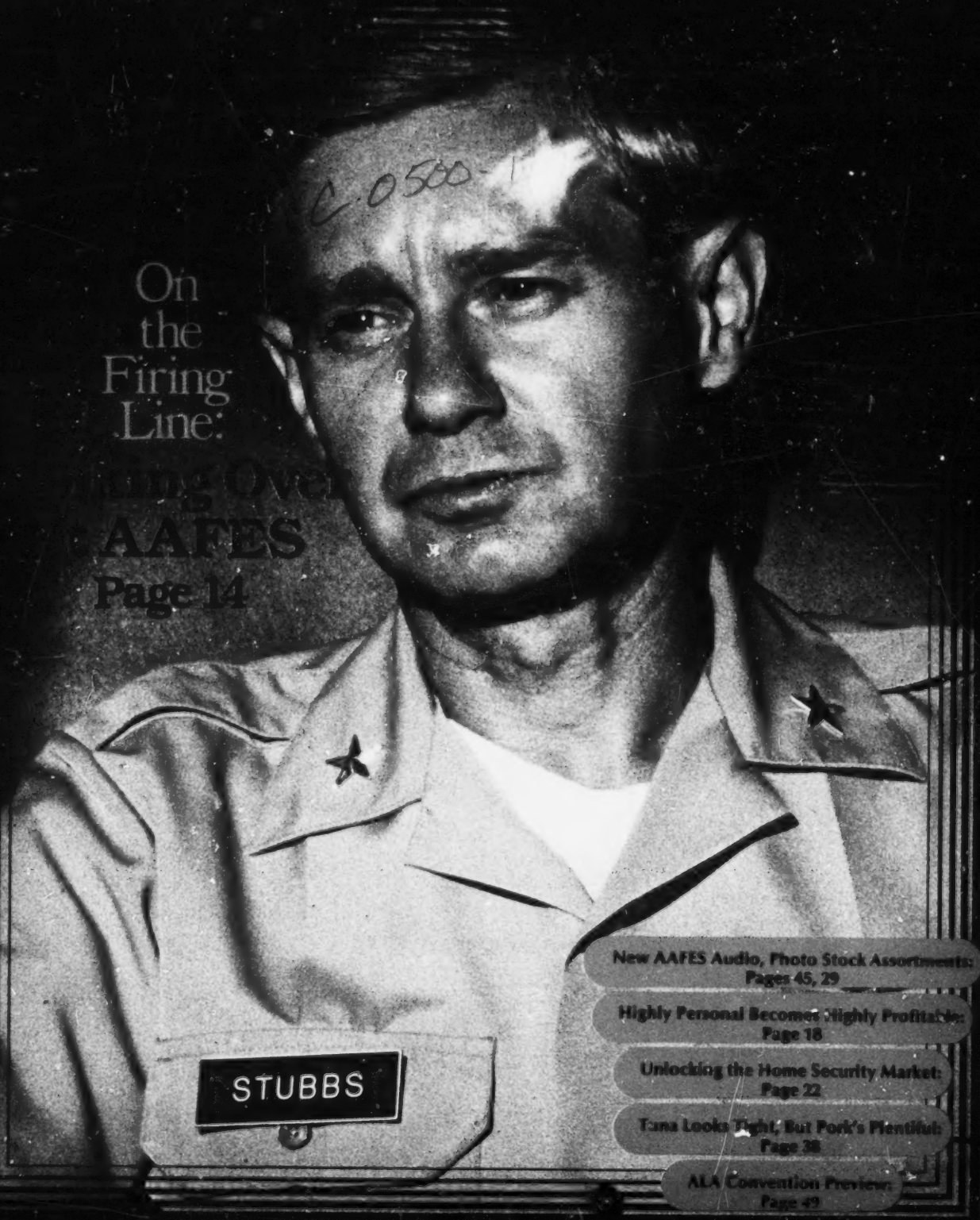
Military Market

MAGAZINE FOR THE MILITARY RETAIL SYSTEM ARMY TIMES PUBLISHING COMPANY OCTOBER 1979 $1.00



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Unlocking the Home Security Market: Page 22

Tuna Looks Tight, But Pork's Plentiful: Page 38

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Military Market

Magazine For The Military Retail System — Army Times Publishing Company

Volume 30 No. 10
October 1979

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MILITARY MARKET (COMEX) (USPS 911-580)

BPA

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COMMISSARY SYSTEMS[1]

(Individual figures may not add to totals due to rounding)

[1] Sales include appropriate surcharges

C.Y. 1979 sales are estimated from TSA quarterly sales data

Air Force	CONUS	101,317	93,158	+8.8	760,623	670,683	+13.4
	Overseas	20,038	18,805	+6.6	146,709	135,578	+8.2
	Total	121,355	111,963	+8.4	907,332	806,261	+12.5
Navy	CONUS	77,688	73,751	+5.3	567,356	514,128	+10.4
	Overseas	23,192	21,705	+6.8	168,355	152,289	+10.6
	Total	100,880	95,456	+5.7	735,711	666,417	+10.4
Coast Guard	CONUS	40,107	37,715	+6.3	303,388	270,724	+12.1
	Overseas	4,944	4,882	+1.3	35,677	34,565	+3.2
	Total	45,051	42,597	+5.8	339,065	305,289	+11.1
Army[2]	CONUS	8,304	7,511	+10.6	62,013	56,034	+10.7
	Overseas	111	151	-26.5	1,048	1,038	+1.0
	Total	8,415	7,662	+9.8	63,061	57,072	+10.5
Marines	CONUS	368	384	-4.2	2,930	2,774	+5.6
	Overseas	181	118	+53.4	868	779	+11.4
	Total	549	502	+9.4	3,798	3,553	+6.9
All Commissaries[2]	CONUS	227,784	212,519	+7.2	1,696,310	1,514,343	+12.0
	Overseas	48,466	45,661	+6.1	352,657	324,249	+8.8
	Total	276,250	258,180	+7.0	2,048,967	1,838,592	+11.4

AAFES	CONUS	158,556	145,652	+8.9	1,079,141	985,476	+9.5
	Overseas	111,630	101,491	+10.0	779,352	683,334	+14.0
	Total[3]	272,515	250,464	+8.8	1,876,224	1,694,193	+10.7
Navy[3]	CONUS	65,893	60,339	+9.2	461,429	422,412	+9.2
	Overseas	27,016	26,700	+1.2	192,103	188,430	+2.0
	Total	92,909	87,039	+6.7	653,534	610,843	+7.0
Marines	CONUS	20,479	19,455	+5.3	138,589	134,030	+3.4
	Overseas	3,112	3,188	-2.4	20,725	21,709	-4.5
	Total	23,591	22,644	+4.2	159,314	155,744	+2.3
Coast Guard[4]	CONUS	4,389	4,210	+4.2	31,224	29,950	+4.2
	Overseas	554	531	+4.3	3,940	3,777	+4.3
	Total	4,943	4,741	+4.3	35,163	33,727	+4.3
All Exchanges	CONUS	249,317	229,656	+8.6	1,710,383	1,571,868	+8.8
	Overseas	142,312	131,910	+7.9	996,120	897,250	+11.0
	Total	393,958	364,888	+8.0	2,724,235	2,494,507	+9.2

EXCHANGE SYSTEMS[1]

Individual figures may not add to totals due to rounding

Sales include concession volume

Includes catalog sales of $2,328,565 for July 1979 and $3,120,596 for July 1978

Does not include sales of ship stores which are now estimated to average $6.9 million monthly as compared with $6.2 million monthly in 1978

[4] MM estimates based on official sales data

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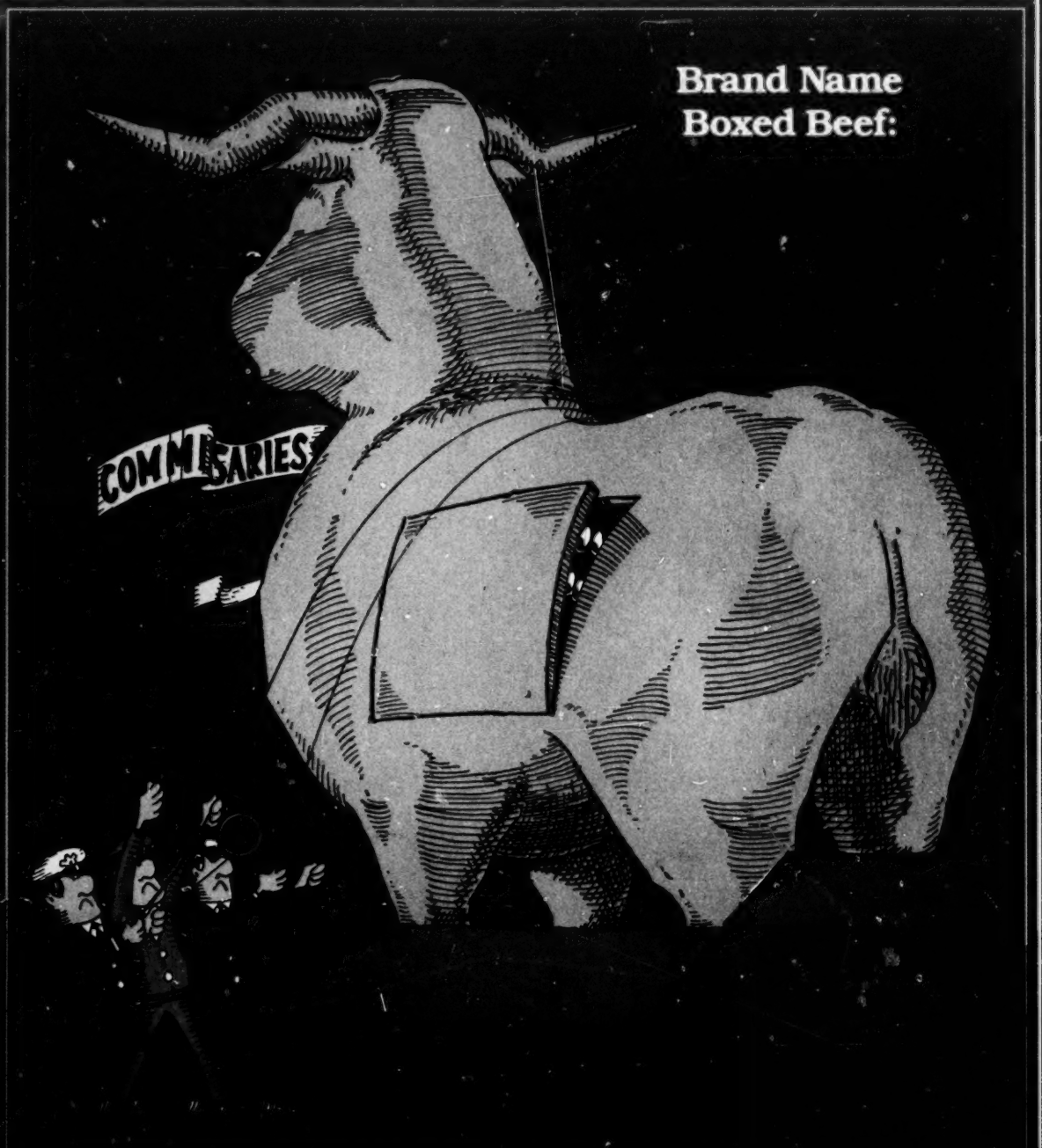

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Military Market INDEX

COMMISSARY SYSTEMS SALES[1] (x$1,000)

		AUGUST			YEAR-TO-DATE		
		CY '79	CY '78	CHANGE	CY '79	CY '78	CHANGE
Air Force	CONUS	116,603	107,381	+7.7	873,228	778,084	+12.2
	Overseas	22,032	20,251	+8.8	168,741	155,809	+8.3
	Total	137,635	127,632	+7.8	1,044,967	933,893	+11.9
Navy	CONUS	86,840	79,651	+9.0	662,196	599,779	+10.2
	Overseas	25,688	23,441	+9.6	194,043	175,730	+10.4
	Total	112,528	103,092	+9.2	856,239	775,509	+10.2
Coast Guard	CONUS	44,840	41,608	+7.8	348,234	312,381	+11.5
	Overseas	5,344	5,372	-0.5	41,021	39,938	+2.7
	Total	50,190	46,980	+6.8	389,255	352,269	+10.5
Army[2]	CONUS	8,196	8,410	-2.5	70,210	64,445	+8.9
	Overseas	151	133	+13.5	1,199	1,171	+2.4
	Total	8,347	8,543	-2.3	71,409	65,616	+8.8
Marines	CONUS	402	432	-6.9	3,332	3,206	+3.9
	Overseas	134	128	+4.7	1,002	908	+10.4
	Total	536	560	-4.3	4,334	4,114	+5.3
All Commissaries[2]	CONUS	255,687	237,482	+7.6	1,952,197	1,761,825	+11.4
	Overseas	53,349	49,325	+8.2	406,006	373,578	+8.7
	Total	309,236	286,807	+7.8	2,358,203	2,126,401	+11.0

Individual figures may not add to totals due to rounding.

Sales include appropriate surcharges.

[1] 1978 sales are estimated from TSA quarterly sales data.

EXCHANGE SYSTEMS SALES[1] (x$1,000)

		AUGUST			YEAR-TO-DATE		
		CY '79	CY '78	CHANGE	CY '79	CY '78	CHANGE
AAFES	CONUS	[illegible]	[illegible]	[illegible]	1,248,001	1,141,638	+9.3
	Overseas	115,189	102,7[illegible]	+12.2	994,605	797,119	+24.7
	Total[5]	206,429	202,1[illegible]	+2.3	2,162,746	1,958,[illegible]	+10.6
Navy[3]	CONUS	75,184	[illegible]	+9.2	537,193	491,605	+9.2
	Overseas	53,422	2[illegible]	+1.6	321,635	316,666	+1.6
	Total	128,606	[illegible]	+5.6	858,828	808,675	+6.1
Marines	CONUS	22,211	20,[illegible]	+8.8	160,800	154,836	+3.8
	Overseas	4,218	4,140	+1.9	23,743	24,869	-4.5
	Total	26,429	24,[illegible]	+4.9	184,543	179,710	+2.7
Coast Guard[4]	CONUS	4,798	4,611	+4.1	35,020	34,561	+1.3
	Overseas	605	[illegible]	-1.6	4,515	4,359	+3.6
	Total	5,401	[illegible]	+3.6	39,564	38,920	+1.7
All Exchanges	Overseas	291,651	[illegible]	+11.2	1,389,014	1,102,843	+26.0
	Total	782,498	735,982	+6.3	5,144,745	4,033,212	+27.6
		492,436	389,[illegible]	[illegible]	[illegible]	2,931,[illegible]	[illegible]

Individual figures may not add to totals due to rounding.

Sales include concession volume.

[3] Includes ship store sales of $[illegible] for August 1979 and $2,160,[illegible] for August 1978.

[4] Does not include sales of ship stores, which are now estimated to average $[illegible] million monthly as compared with $[illegible] million monthly in 1978.

[5] MM estimates based on official sales data.

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Military Market

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ARE YOU RACKING UP SALES ?

p. 12

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DECEMBER 1979
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Sales can be massive, risks minimal in books and periodicals. **Page 12**

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Home sewing is becoming an "endangered pastime." **Page 18**

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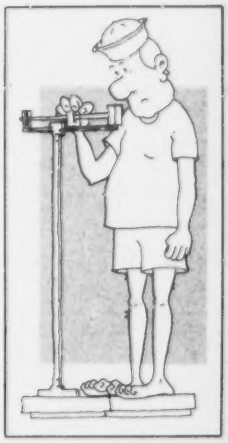
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Military Market INDEX

COMMISSARY SYSTEMS SALES[1] (x$1,000)

		AUGUST			YEAR-TO-DATE		
		CY 79	CY 78	% CHANGE	CY 79	CY 78	% CHANGE
Air Force	CONUS	100,188	98,920	+0.5	816,410	697,711	+11.9
	Overseas	21,471	20,619	+4.2	180,212	176,442	+7.8
	Total	121,660	120,281	+1.2	1,196,697	1,084,153	+10.7
Navy	CONUS	88,476	87,262	+2.2	768,972	710,848	+8.5
	Overseas	22,984	22,662	+1.5	217,027	198,412	+9.4
	Total	108,460	109,761	-1.18	985,799	909,260	+8.7
Coast Guard	CONUS	40,787	39,911	+2.2	380,020	352,115	+10.6
	Overseas	5,065	5,162	-1.7	46,067	45,060	+2.2
	Total	45,852	44,934	+2.0	426,107	397,233	+9.5
Army[2]	CONUS	9,300	9,628	+7.8	74,570	67,102	+8.6
	Overseas	164	166	-20.9	1,344	1,338	+0.7
	Total	9,444	9,810	-7.2	80,864	74,436	+8.6
Marines	CONUS	350	424	-10.4	5,212	5,000	+2.3
	Overseas	147	124	+18.8	1,120	1,037	+8.6
	Total	497	548	-9.8	4,832	4,882	+2.0
All Commissaries[2]	CONUS	232,222	226,580	+3.4	2,185,429	1,927,406	+10.5
	Overseas	49,811	48,763	+2.2	455,750	492,928	+7.9
	Total	283,043	274,339	+3.2	2,641,510	2,509,134	+10.1

Individual figures may not add to totals due to rounding

Sales include appropriate surcharges

CY 1978 sales are estimated from TSA quarterly sales data

EXCHANGE SYSTEMS SALES[1] (x$1,000)

		AUGUST			YEAR-TO-DATE		
		CY 79	CY 78	% CHANGE	CY 79	CY 78	% CHANGE
AAFES	CONUS	163,858	150,963	+8.5	1,411,853	1,282,631	+8.5
	Overseas	118,508	104,407	+13.5	1,013,914	881,558	+13.0
	Total[1]	284,932	255,714	+10.5	2,447,678	2,214,086	+10.6
Navy[3]	CONUS	72,359	67,151	+8.7	600,110	555,530	+8.2
	Overseas	28,770	27,714	+3.8	280,385	244,578	+2.2
	Total	101,753	94,840	+7.3	880,673	803,561	+9.1
Marines	CONUS	20,085	19,417	+3.5	181,735	174,115	+4.3
	Overseas	2,970	3,009	-1.3	26,113	27,878	-4.3
	Total	23,008	22,466	+0.3	208,448	202,196	+3.1
Coast Guard[4]	CONUS	4,681	4,500	+4.0	40,791	38,681	+4.2
	Overseas	590	568	+3.9	5,135	4,927	+4.2
	Total	5,271	5,068	+4.0	45,895	43,608	+4.5
All Exchanges	Overseas	263,451	242,011	+8.4	2,440,485	2,094,814	+17.0
	Total	180,630	155,698	+11.2	1,793,557	1,168,910	+10.0
		444,081	397,709	+9.4	4,234,042	3,263,724	+11.2

Individual figures may not add to totals due to rounding

Sales include concession volume

[1] Includes catalog sales of $2,[illegible] for September 1979 and $2,[illegible] for quarterly [illegible]

[2] Does not include sales of ship stores which are now estimated to average $6.9 million monthly as compared with $6.2 million monthly in 1978

[3] MM estimates based on official sales data

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BUYERS GUIDE 1980 INCLUDING

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Design by Joe Wagner

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Air Force	CONUS	108,257	97,110	+11.5	1,084,872	974,822	+11.3
	Overseas	21,761	19,401	+12.2	211,972	195,843	+8.2
	Total	130,018	116,511	+11.6	1,296,644	1,170,665	+10.8
Navy	CONUS	81,848	76,446[1]	+7.1	818,820	747,294[1]	+9.5
	Overseas	23,920	23,714[2]	+0.9	240,946	222,126[2]	+8.5
	Total	105,768	100,160[2]	+6.8	1,059,766	969,420[2]	+9.3
Coast Guard	CONUS	43,563	38,294	+13.8	432,583	390,497	+10.8
	Overseas	5,352	4,825	+10.9	51,439	49,915	+3.0
	Total	48,915	43,119	+13.4	484,022	440,352	+9.9
Army[2]	CONUS	8,764	7,677	+14.2	88,274	80,750	+9.3
	Overseas	158	145	+7.6	1,499	1,498	+0.1
	Total	8,920	7,822	+14.0	89,773	82,248	+9.2
Marines	CONUS	388	400	-3.0	4,089	4,030	+1.7
	Overseas	132	116	+13.8	1,282	1,148	+11.7
	Total	520	516	+0.8	5,381	5,178	+3.9
All Commissaries	CONUS	242,820	219,927	+10.4	2,426,248	2,197,333	+10.5
	Overseas	51,321	48,201	+6.5	507,138	470,530	+7.8
	Total	294,141	268,128	+9.7	2,935,386	2,667,863	+10.0

AAFES	CONUS	164,728	151,038	+9.1	1,570,581	1,443,839	+9.2
	Overseas	121,128	107,611	+12.4	1,194,442	999,397	+13.5
	Total[2]	288,922	262,350	+10.1	2,766,600	2,478,445	+10.5
Navy[3]	CONUS	78,154	68,443	+14.2	688,330	627,382	+9.7
	Overseas	30,273	27,964	+8.2	280,669	272,563	+3.0
	Total	108,427	96,428	+12.4	968,000	899,949	+7.7
Marines	CONUS	22,350	20,533	+8.8	204,085	194,846	+4.7
	Overseas	3,248	2,982	+8.9	29,961	30,866	-2.9
	Total	25,598	23,516	+8.8	234,046	225,712	+3.7
Coast Guard[4]	CONUS	4,623	4,445	+4.0	45,324	43,506	+4.2
	Overseas	583	560	+4.1	5,718	5,487	+4.2
	Total	5,206	5,005	+4.0	51,041	48,993	+4.2
All Exchanges	CONUS	239,855	244,459	+10.4	2,514,320	2,309,373	+8.9
	Overseas	155,232	139,332	+11.4	1,450,789	1,308,247	+10.9
	Total	426,153	387,299	+10.0	3,990,687	3,651,098	+9.3

NOTE

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COUPONS

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Over the Counter...

...And Occasionally Under the Table

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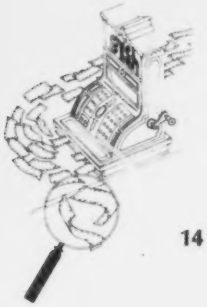

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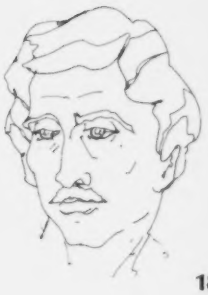

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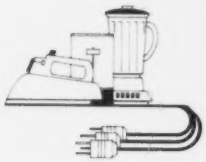

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MILITARY MARKET (COMEX)
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COMMISSARY SYSTEMS SALES[1] (x$1,000)

		NOVEMBER CY 79	NOVEMBER CY 78	% CHANGE	YEAR-TO-DATE CY 79	YEAR-TO-DATE CY 78	% CHANGE
Air Force	CONUS	111,614	103,681	+7.4	1,196,286	1,078,703	+10.9
	Overseas	22,946	20,609	+11.3	234,918	216,452	+8.5
	Total	134,560	124,490	+8.1	1,431,204	1,295,155	+10.5
Army[2]	CONUS	86,112	80,396	+7.1	904,732	827,690	+9.3
	Overseas	25,792	24,555	+5.0	266,738	246,681	+8.1
	Total	111,904	104,951	+6.6	1,171,471	1,074,371	+9.0
Navy	CONUS	44,788	41,885	+6.9	477,370	432,322	+10.4
	Overseas	5,386	5,272	+2.2	56,826	55,187	+3.0
	Total	50,174	47,157	+6.4	534,196	487,509	+9.6
Marines	CONUS	9,087	8,669	+4.8	97,361	89,418	+8.9
	Overseas	160	151	+6.0	1,660	1,650	+0.6
	Total	9,247	8,820	+4.8	99,021	91,068	+8.7
Coast Guard	CONUS	400	441	-9.3	4,500	4,472	+0.6
	Overseas	154	116	+32.8	1,435	1,264	+13.5
	Total	554	557	-0.5	5,935	5,736	+3.5
All Commissaries[2]	CONUS	252,001	235,272	+7.1	2,680,249	2,432,605	+10.2
	Overseas	54,438	50,703	+7.4	561,577	521,234	+7.7
	Total	306,439	285,975	+7.2	3,241,827	2,953,839	+9.8

Individual figures may not add to totals due to rounding.

[1] Sales include appropriate surcharges.

[2] CY 1978 sales are estimated from TSA quarterly sales data.

EXCHANGE SYSTEMS SALES[1] (x$1,000)

		NOVEMBER CY 79	NOVEMBER CY 78	% CHANGE	YEAR-TO-DATE CY 79	YEAR-TO-DATE CY 78	% CHANGE
AAFES	CONUS	183,377	165,257	+11.0	1,759,958	1,608,696	+9.4
	Overseas	130,526	114,184	+14.3	1,264,968	1,113,521	+13.6
	Total	317,038	283,057	+12.0	3,053,638	2,759,502	+10.7
Navy[3]	CONUS	86,434	74,139	+16.6	774,764	701,521	+10.4
	Overseas	29,211	27,803	+5.1	309,879	300,366	+3.2
	Total	115,645	101,943	+13.4	1,084,645	1,001,892	+8.3
Marines	CONUS	24,553	23,201	+5.8	228,638	218,047	+4.9
	Overseas	3,233	2,968	+8.9	33,194	33,828	-1.9
	Total	27,786	26,169	+6.2	261,832	251,881	+4.0
Coast Guard[4]	CONUS	5,027	4,834	+4.0	50,351	48,340	+4.2
	Overseas	634	609	+4.1	6,352	6,096	+4.2
	Total	5,661	5,443	+4.0	56,702	54,436	+4.2
All Exchanges	CONUS	299,391	267,624	+11.9	2,813,711	2,576,997	+9.2
	Overseas	163,604	145,589	+12.4	1,614,393	1,453,836	+11.0
	Total	466,130	416,830	+11.8	4,456,817	4,067,929	+9.6

Individual figures may not add to totals due to rounding.

[1] Sales include concession volume.

[2] Includes [illegible]

[3] Does not include sales of ship stores which are now estimated to average $6.4 million monthly, as compared with $6.2 million monthly in 1978.

[4] MM estimates based on official sales data.

About Last Month's Index

Our apologies to readers for the appearance of last month's MM Index without any column headings to explain what the numbers meant. We've been experiencing some production problems with our new index design, but hopefully they are all ironed out now.
— The Editor

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Military Market

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Bold Is Beautiful

In the Swim for '80:

- ✓ Bright Colors
- ✓ Light Fabrics
- ✓ Revealing Designs

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COMMISSARY SYSTEMS SALES[1] (x$1,000)

		DECEMBER			YEAR-TO-DATE		
		CY 79	CY 78	% CHANGE	CY 79	CY 78	% CHANGE
Air Force	CONUS	110,819	107,015	+3.6	[illegible]	1,185,715	+10.2
	Overseas	23,653	21,935	+7.8	[illegible]	[illegible]	+8.4
	Total	134,472	128,950	+4.2	[illegible]	1,494,151	+9.1
Navy	CONUS	97,300	89,575	+8.6	[illegible]	910,385	+7.0
	Overseas	28,288	25,514	+10.9	[illegible]	272,195	+8.4
	Total	115,648	103,089	+7.0	[illegible]	1,182,460	+8.8
Coast Guard	CONUS	45,548	44,500	+2.4	[illegible]	477,232	+3.6
	Overseas	5,735	5,736	+0.0	[illegible]	69,951	+9.7
	Total	51,831	50,674	+1.9	[illegible]	547,183	+4.8
Army[2]	CONUS	8,969	8,797	+2.0	[illegible]	98,316	+3.5
	Overseas	185	184	+0.5	[illegible]	1,834	+0.6
	Total	9,154	8,981	+1.9	[illegible]	100,049	+3.1
Marines	CONUS	409	419	-2.4	[illegible]	4,624	-0.5
	Overseas	120	123	-2.5	[illegible]	1,302	+17.8
	Total	529	541	-2.1	[illegible]	5,918	+2.8
All Commissaries[2]	CONUS	253,392	249,747	+1.6	[illegible]	2,676,351	+3.8
	Overseas	58,041	55,574	+4.5	[illegible]	574,608	+7.4
	Total	311,433	305,321	+2.0	[illegible]	3,251,159	+4.3

Individual figures may not add to totals due to rounding.

[1]Sales include appropriate surcharges.

[2]CY 1978 sales are estimated from LSA quarterly sales data.

EXCHANGE SYSTEMS SALES[1] (x$1,000)

		DECEMBER			YEAR-TO-DATE		
		CY 79	CY 78	% CHANGE	CY 79	CY 78	% CHANGE
AAFES	CONUS	240,289	219,908	+9.3	[illegible]	1,828,804	+9.4
	Overseas	158,510	135,190	+15.8	1,491,472	1,248,711	+19.4
	Total[2]	399,959	358,771	+11.5	[illegible]	3,119,273	+9.7
Navy[3]	CONUS	103,228	93,534	+7.9	[illegible]	797,155	+10.1
	Overseas	34,925	34,259	+2.0	[illegible]	334,618	+3.9
	Total	138,153	127,793	+8.1	[illegible]	1,131,778	+8.0
Marines	CONUS	28,170	27,480	+2.5	[illegible]	245,597	+2.6
	Overseas	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Total	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Coast Guard	CONUS	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Overseas	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Total	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
All Exchanges	Overseas	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Total	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Individual figures may not add to totals due to rounding.

[1]Sales include concession volume.

[2]Includes catalog sales of $3,167,000 for December 1979 and $3,671,000 for December 1978.

[3]Does not include sales of ship stores which are now estimated to average $6.9 million monthly as compared with $6.2 million monthly in 1978.

About Last Month's MM Index

Despite our assurances, we still are experiencing production problems in bringing you this MM Index each month. In fact, the all-important year-end December index in last month's issue was so unreadable, we are reprinting it correctly this month. Hopefully you've seen the end of these problems.

—The Editor

Low-"Tars" Are High-Demand Items

By Nancy Tucker

The military continues to lag behind the civilian market in terms of its preference for low-"tar" cigarettes, but industry observers predict that it will catch up. In the meantime, new low-"tar" introductions and line extensions create problems for tobacco department managers.

CONSERVATIVE SUPPORTERS of the military who have worried that the increasing numbers of women in the services are eroding the "macho" image of the nation's armed forces should fret no longer.

Manliness is alive and well among our boys in uniform. At least it is if smoking trends are any indicator.

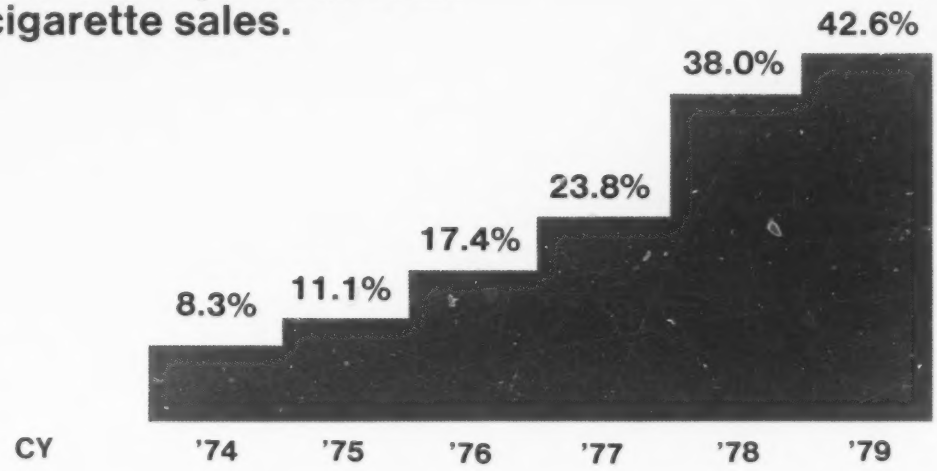
The military continues to fly in the face of national trends toward low tar-and-nicotine cigarettes. Research shows that smokers in the service want full-flavored, heavy duty cigarettes moreso than their civilian counterparts or the market as a whole.

As a chart elsewhere in this article demonstrates, low-"tar" cigarettes (those that have fewer than 15 milligrams of "tar") last year captured more than 40 percent of all dollars spent for cigarettes.

Based on the recent picture, it should be only a matter of a couple of years before low-"tar" types capture a full 50 percent or more of all cigarette spending. And it's conceivable that well within this century the market will reach the place where the smoker of heavy-duty cigarettes becomes a rarity.

Sources within the tobacco industry note that the growth in popularity of low-"tar" cigarettes is paralleling the situation that occurred when filter cigarettes appeared on the scene.

Low-"tar" cigarettes are moving toward 50 percent of all cigarette sales.



SOURCE: Industry research.

Low-"tar" defined as 14 mg. or less "tar" in '74, 15 mg. or less in later years.

"In 1953," says an official of The Tobacco Institute, a major trade group, "filters were an oddity on the market.

"Today," he continues, "filters are 90 percent of the market. The curve at the moment [for low-"tar" cigarettes] is pretty much on the same course.

"And no one knows where the curve will go."

The curve is, however, definitely on the upswing. In 1979, according to market watcher John C. Maxwell Jr., cigarettes containing 15 milligrams or less of "tar" brought in 42.6 percent of all cigarette dollars. This was an increase of more than four percent from the figure noted in the previous year.

The swing toward lighter smokes is also apparent in a pair of other statistical measures:

• Last year, for the first time, the average cigarette sold in this country yielded less than 15 milligrams of "tar." Researchers at the Federal Trade Commission, which computes tar-and-nicotine content for cigarettes sold in the United States, found that the sales-weighted average "tar" yield per brand slipped just below the 15 milligram point during the first quarter of 1979. And it dipped lower during later quarters of the year just past.

[As a historical note, the average "tar" yield per cigarette in 1960 was 27 milligrams. In the prefiltered "bad old days" of 1955 it was a heavy-weight 37 milligrams.]

• Also, an FTC report issued in December 1979 noted that, of the 176 brands tested in the laboratory, 103 yielded no more than 15 milligrams of "tar." This compares with only 67 brands in May 1978, and represents the first time than more than half of all brands tested fell into the low-"tar" classification.

Although the trend toward light cigarettes is apparent in the military, smokers in the services are lagging behind the market as a whole in their preference for low-"tar" cigarettes.

The biggest reason for this is that most smokers of low-"tar" type cigarettes are people long accustomed to the smoking habit, folks who are moderately concerned about the health consequences of smoking but who don't yet want to give up their habit.

So instead of quitting altogether, they switch brands to lighter types.

But statistics indicate that younger smokers, especially those in the age range between 18 and 34 years, prefer full-flavor cigarettes. This is despite the reputation that this generation has for being health-conscious.

And the military population is heavily skewed to this age group.

So whereas the marketplace as a whole is showing a 40 percent-plus sales rate for light cigarettes, the current military incidence of purchase for low-"tar" smokes is less than half this figure.

But manufacturers are not particularly concerned about this. For military personnel smoke more cigarettes per capita than does the population as a whole.

In 1978, the most recent year for which comparable statistics are available, the average adult in the military worldwide smoked 9091 cigarettes, or more than 454 packs of 20 cigarettes each.

This compares with 3970 cigarettes (or 198.5 packs) for U.S. adults over 18 years of age.

Cigarette smoking by military personnel stationed overseas is even more impressive. Sales recorded on-base in '78 show that service people stationed abroad bought an average of 12,492 cigarettes, or a whopping 624-plus packs.

Industry sources feel that it is only a matter of time before the military catches up to the civilian trend in lighter smokes. Some observers predict that military consumption of low-"tar" brands could reach as much as 40 percent as early as 1981.

While other officials think that this is an optimistic prediction, it remains that most of the cigarette ads placed in publications aimed at the military are for low-"tar" types. And although consumption of light cigarettes still lags behind the full market, it is increasing within the military.

One of the consequences of the growth in popularity of low-"tar" cigarettes is a burgeoning in the number of brands on the market.

While these are providing smokers with an almost unlimited variety of strengths, flavorings and packagings to choose from, it's wreaking havoc for retailers.

Disposables Light Up The Market

WHILE RESEARCH indicators show that consumption of most types of tobacco products is either stabilizing or on the decline, there *is* an area of the smoking field that is continuing to show regular sales and unit increases — disposable lighters.

Throwaway lighters appeared in the marketplace in the early '70's and unit sales have grown to the point where industry sources confidently predict that 350 million will be sold during 1980.

If the prediction comes true, it will mean a 7.7 percent increase in sales from 1979's estimated 325 million unit market. This is nicely above the less-than-one-percent gain registered for cigarette unit sales in '79, and is encouraging in view of the continuing year-to-year losses in smoking tobacco and for most classes of cigars.

Industry sources point out that disposable lighters are very susceptible to impulse sales, and stress that "the best place to locate lighters is at the checkout." The other good store locations are either next to the tobacco section or pegged on an end aisle display.

Disposable lighters are extremely sensitive to promotional activity, and smokers tend to stock up with multiple purchases when they see disposables on sale. Research indicates that if every smoker in the nation was using disposables, each smoker would be purchasing and using something in the neighborhood of nine lighters a year.

So while book matches are still cheap or even free, the trends show that increasing numbers of smokers are foregoing matches or snazzy injectable fuel lighters for the convenience and cheapness of the disposables type.

TOBACCO

(Continued From Page 27)

As recently as 1976, a cigarette display that carried only the top 10 brands would be capable of satisfying the needs of more than half of all smokers. And 90 percent of the smokers would be served by a display of just 50 brands.

But the introduction of new brands of low-"tars" plus the numerous brand name line extensions have fragmented the market to the point where it takes an increasing number of brands to satisfy the same number of customers.

In 1979, the top 10 brands accounted for a little less than 41 percent of all sales, a slippage of more than nine percentage points in only four years. Last year it took more than 60 items to satisfy the same nine-out-of-ten customers who were content with just 50 items in '76.

While brand proliferation probably is reaching a peak as manufacturers battle it out for "winners," and duds fall by the wayside, it's still likely to be a problem for military resale executives during the next couple of years.

Most commissary and exchange outlets have been trying to keep up with the changing whims of their customers by increasing the number of brands stocked in the stores. But space and personnel limitations are imposing the obvious constraints on the upward limits of stockage.

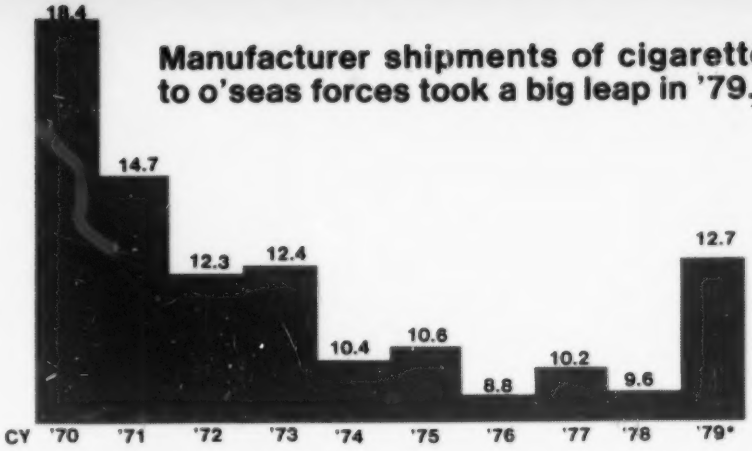
Resale officials therefore are having to "work smarter, not harder" to satisfy shoppers' smoking needs. As a consequence, "Maxwell is the golden word in the military," as one source put it to MILITARY MARKET.

"Maxwell" is John C. Maxwell Jr., a statistician for tobacco (among other product groups) who publishes a quarterly analysis of cigarette trends. And it's the "Maxwell numbers" that are cited repeatedly by resale officials as the last word in what should be carried in commissaries and exchanges.

But the Maxwell Report tracks brand sales on a national basis, and industry research reveals that there are significant variables in cigarette purchasing habits.

As already noted, the military segment of the population lags behind the full population in terms of full-flavor cigarettes versus low-"tars." Blacks in the United States have a higher regard for menthol cigarettes than do whites. Preferences for filter-tips, full-

Manufacturer shipments of cigarettes to o'seas forces took a big leap in '79.



*Preliminary.
SOURCE: U.S. Department of Agriculture, the Bureau of Alcohol, Tobacco and Firearms, and the Bureau of the Census.
Also includes ships stores, and small tax-exempt categories (principally prisons)
Totals expressed in billions of units

NEW BRANDS CONTINUE MARKET SHAKEUP

The chart below shows how the continuance of new brand introductions and line extensions is eroding market shares for the top-selling items. In 1976 it took only 10 brands to satisfy more than half of all smokers, but by 1979 these top 10 items would fill the needs of less than 41 percent of all smokers. While share losses are evident throughout the top 100 brands, they are particularly marked in the top 40 items.

	'76	'77	'78	'79	Share Loss '76-'77	Share Loss '77-'78	Share Loss '78-'79	Share Loss '76-'79
TOP 10 BRANDS	50.4%	46.8%	43.5%	40.9%	-3.6%	-3.3%	-2.6%	-9.5%
TOP 20 BRANDS	67.3	63.5	60.0	57.6	-3.8	-3.5	-2.4	-9.7
TOP 30 BRANDS	78.2	74.8	70.8	67.9	-3.4	-4.0	-2.9	-10.3
TOP 40 BRANDS	85.1	82.2	78.9	76.2	-2.9	-3.3	-[illegible]	-8.9
TOP 50 BRANDS	90.0	87.2	84.6	83.3	-2.8	-2.6	-1.3	-6.7
TOP 60 BRANDS	93.5	91.1	88.8	87.7	-2.4	-2.3	-1.1	-5.8
TOP 70 BRANDS	95.7	94.1	92.5	91.2	-1.6	-1.6	-1.3	-4.5
TOP 80 BRANDS	97.5	96.1	94.7	93.4	-1.4	-1.4	-1.3	-4.1
TOP 90 BRANDS	98.5	97.4	96.7	95.4	-1.1	-0.7	-1.3	-3.1
TOP 100 BRANDS	99.0	98.4	97.7	97.2	-0.6	-0.7	-0.5	-1.8

flavor cigarettes, and so forth also vary regionally.

Consequently, there is some doubt as to whether the Maxwell-reported data should be taken as gospel for the military.

Total worldwide on-base sales of cigarettes reached $560.5 million in calendar year 1978, the most recent year for which figures are available. This was an increase of 8.1 percent above 1977's total.

In '78, commissaries accounted for 33.9 percent of all cigarette dollars, and recorded a sales increase of 11.0 percent above the previous year. Exchange sales, while highest in total dollars ($314.3 million), saw a smaller percentage increase (6.7 percent) than did the clubs, which recorded $55.9 million in sales and a 7.3 percent increase.

Tobacco industry observers are not particularly hopeful about chances for any more than desultory growth in U.S. cigarette consumption. Per capita unit figures have been basically flat for the last several years, and total unit increases have been recorded basically only on the strength of an overall growth in the total adult population. Continued anti-smoking campaigns and an almost static picture for real income should help to depress consumption growth for the time being, say the experts.

Sales of smoking tobacco in 1979 were expected to fall as much as 12 percent from 1978's figure, continuing a long-term downtrend in the popularity of pipe smoking and roll-your-own cigarettes.

Except in the higher price categories, cigar sales are expected to pitch downward again, carrying on a pattern begun in the mid-1960s.

The bright area of tobacco sales continues to be in the production and consumption of smokeless tobaccos. Snuff production in 1979, while expected to be below the previous year, when the final numbers are tallied, should not fall drastically. And sales of chewing tobaccos, both loose leaf and fine cut, are likely to rise "smartly," according to the experts.

The rise in usage of smokeless types is attributable to improved packaging, marketing, and also to the rise in the number of employment categories where the use of fire has been deemed hazardous.

Some of your biggest tobacco profits could come from people who don't smoke.

It's no secret that a lot of people in this country spend a lot of money on tobacco. But a lot of people who enjoy tobacco just don't smoke. They get their tobacco pleasure from Copenhagen, Skoal, or Happy Days – the #1 brands of moist "smokeless" tobacco in the country.

This year, more than ever, it pays to stock "smokeless." We're putting over $10 million behind our advertising and promotion programs, with six superstar spokesmen featured in commercials on virtually every major TV sports event. Plus an equally exciting campaign of national magazine ads.

So stock and display Copenhagen, Skoal, and Happy Days in our space-saving vendor units. You'll be amazed at the profits you can earn selling tobacco to people who don't smoke.

For more information contact:

National Accounts Department
U.S. Tobacco Company
100 West Putnam Avenue
Greenwich, Connecticut
06830

U·S·TOBACCO

Dated for freshness.

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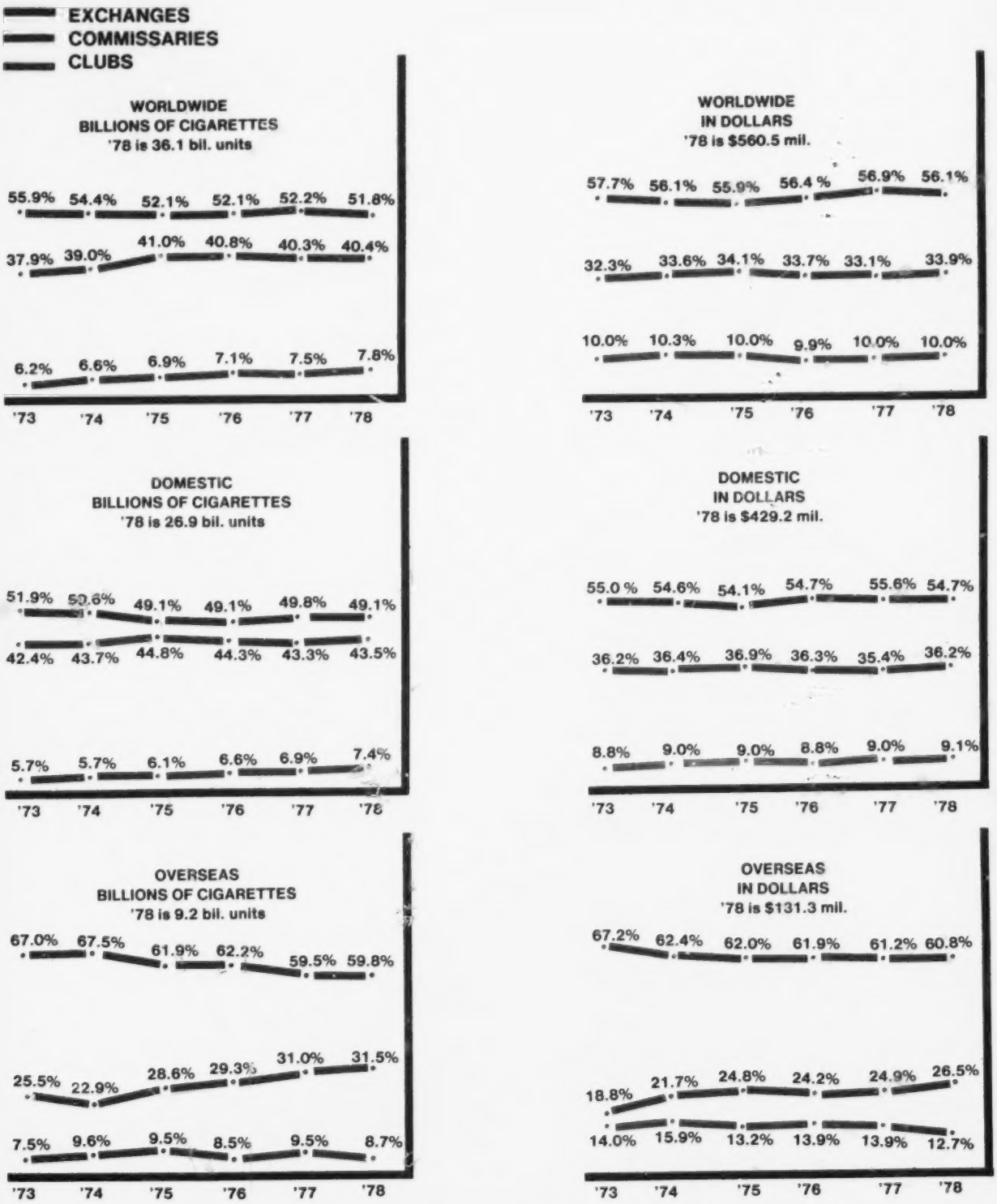
COMMISSARIES AND CLUBS ARE ERODING EXCHANGES' SHARE OF UNIT SALES OF CIGARETTES

DOLLAR SHARES OF CIGARETTE SALES STAY RELATIVELY CONSTANT, EXCEPT OVERSEAS, WHERE COMSTORES ARE GAINING



Charts show (1) percentages of total unit sales (by outlet of origin) and (2) percentages of total dollar sales (by outlet of origin) for military cigarette sales worldwide, domestically, and overseas.
SOURCE: Research Department, Army Times Publishing Company.

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Photography's Silver Lining

p.14

Military Market
MAGAZINE FOR THE MILITARY RETAIL SYSTEM
ARMY TIMES PUBLISHING COMPANY
MAY 1980
VOLUME 31 NO. 5

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MELTING POT OF ETHNIC FOODS
The more Americans are exposed to specialty/gourmet offerings, the more they buy. **Page 38**

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Sales continue to soar in the pet food aisles. **Page 44**

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Cautious optimism about the future of this troubled industry. **Page 64**

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Design by Robert St. John, photography by Joe Matera. Silver bar courtesy of Deak & Perera.

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COMMISSARY SYSTEMS SALES[1] (x$1,000)

		JANUARY			YEAR-TO-DATE		
		CY '80	CY '79	% CHANGE	CY '80	CY '79	% CHANGE
Air Force	CONUS	116,203	107,246	+8.4	116,203	107,246	+8.4
	Overseas	22,669	20,330	+11.5	22,669	20,330	+11.5
	Total	138,872	127,576	+8.8	138,872	127,576	+8.8
Navy	CONUS	86,424	73,891	+17.0	86,424	73,891	+17.0
	Overseas	25,792	22,826	+13.0	25,792	22,826	+13.0
	Total	112,216	96,717	+16.0	112,216	96,717	+16.0
Coast Guard	CONUS	46,243	42,301	+9.3	46,243	42,301	+9.3
	Overseas	5,352	4,918	+8.8	5,352	4,918	+8.8
	Total	51,595	47,219	+9.3	51,595	47,219	+9.3
Army[2]	CONUS	9,513	8,779	+8.4	9,513	8,779	+8.4
	Overseas	150	148	+1.4	150	148	+1.4
	Total	9,663	8,927	+8.2	9,663	8,927	+8.2
Marines	CONUS	415	447	-7.2	415	447	-7.2
	Overseas	116	120	-3.3	116	120	-3.3
	Total	531	567	-6.4	531	567	-6.4
All Commissaries[2]	CONUS	258,798	232,664	+11.2	258,798	232,664	+11.2
	Overseas	54,079	48,342	+11.9	54,079	48,342	+11.9
	Total	312,877	281,006	+11.3	312,877	281,006	+11.3

Individual figures may not add to totals due to rounding.

[1]Sales include appropriate surcharges.

[2]CY 1979 sales are estimated from TSA quarterly sales data.

EXCHANGE SYSTEMS SALES[1] (x$1,000)

		JANUARY			YEAR-TO-DATE		
		CY '80	CY '79	% CHANGE	CY '80	CY '79	% CHANGE
AAFES	CONUS	143,159	126,094	+13.5	143,159	126,094	+13.5
	Overseas	116,370	98,187	+18.5	116,370	98,187	+18.5
	Total[2]	261,938	226,624	+15.6	261,938	226,624	+15.6
Navy[3]	CONUS	55,041	50,256	+9.5	55,041	50,256	+9.5
	Overseas	23,878	22,169	+7.7	23,878	22,169	+7.7
	Total	78,919	72,426	+9.0	78,919	72,426	+9.0
Marines	CONUS	16,527	15,750	+4.9	16,527	15,750	+4.9
	Overseas	2,671	2,411	+10.8	2,671	2,411	+10.8
	Total	19,198	18,161	+5.7	19,198	18,161	+5.7
Coast Guard[4]	CONUS	4,160	4,001	+4.0	4,160	4,001	+4.0
	Overseas	525	504	+4.2	525	504	+4.2
	Total	4,685	4,505	+4.0	4,685	4,505	+4.0
All Exchanges	Overseas	218,887	196,101	+11.6	218,887	196,101	+11.6
	Total	143,444	123,271	+16.4	143,444	123,271	+16.4
		364,740	321,716	+13.4	364,740	321,716	+13.4

Individual figures may not add to totals due to rounding.

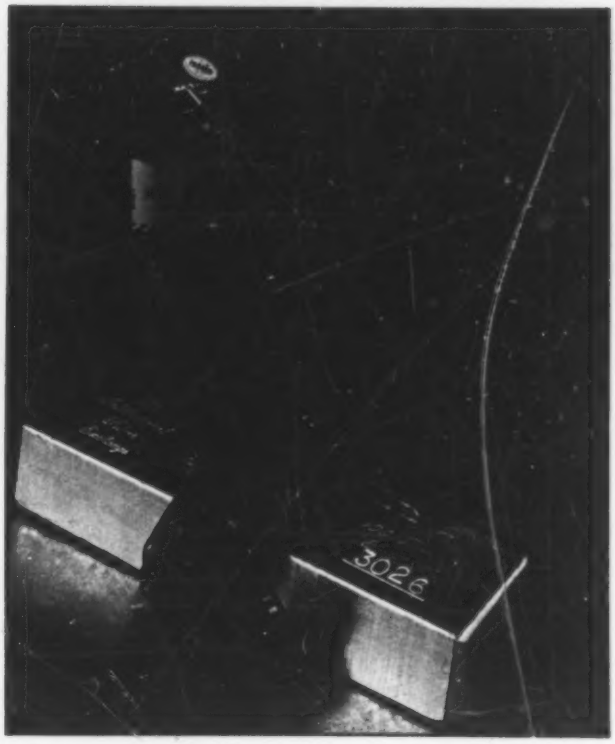
[1]Sales include concession volume.

[2]Includes catalog sales of $2,408,960 for January 1980 and $2,342,698 for January 1979.

[3]Does not include sales of ship stores.

[4]MM estimate based upon official data.

Photography's Silver Lining



By Donna J. O'Neal

Show photos by Donna J. O'Neal

SUNNY CLIMES greeted the 17,500 retailers who gathered in Las Vegas for the 1980 Photo Marketing Association show.

Amid a relaxed and colorful atmosphere, dealers were exposed to the products of a record 410 exhibitors, as well as advice from a host of seminar leaders, including:

- A number of new entries in the burgeoning automatic 35mm SLR camera field and some head-to-head technological competition from 35mm range finders;
- An array of lenses and camera accessories from new and established companies in the market;
- Upgraded-feature and full-system 110 cameras;
- Some heartening words from industry leaders on riding the crest of today's economy.

But at the very time these marketers were developing the photo course for 1980, one of the cornerstones of the photo market was gyrating wildly on Wall Street.

The international silver market collapsed during March, with the final fall to a low point of $10.80 an ounce coming on March 27, the opening day of the PMA show. Silver had hit an all-time high of $52.50 an ounce in late January — up drastically from its closing 1978 price of six dollars an ounce.

Americans were reminded about the link between silver and photography early in 1980, when Kodak raised its consumer film prices between 25 and 35 percent and other film prices by as much as 75 percent, in large part because of the rapid rise in the price of silver.

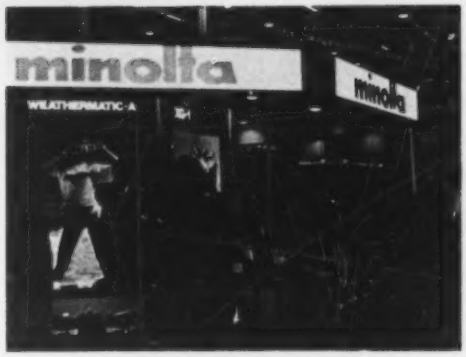
Kodak says it purchases about 50 million ounces of silver a year for product manufacture. This means that, overall, just one dollar shift in the cost of an ounce of silver shifts the company's costs $50 million.

Thus, like the automobile and its dependence on petroleum, the camera market's dependence on silver-based film has meant that complex economic factors are influencing the industry — and the factors largely are out of the industry's control.

Continuing wild fluctuations in the price of silver could have many more effects on the photography industry, including:

- Market shifts in the types and sizes of film consumers purchase — and related shifts in camera sizes;
- New emphasis on home darkroom activity. For the military this could mean greater use of on-

Kodak's spacious, brightly colored booth at the Photo Marketing Association show attracted crowds to pose with and be photographed by robots.



Minolta's booth sported the poster girl for the new Weathermatic-A camera like the new camera. She, is clad in bright yellow.

base photo labs and higher darkroom supply sales;

- Increased interest in non-silver photography, including video cassette photography;

- A silver lining in the silver crisis — more emphasis on skilled management techniques that would carry over after the current silver crisis has died down.

MILITARY MARKET takes a look at how the photography industry is developing in the face of economic challenges, technological growth and an increasingly sophisticated, educated consumer.

The Show

While there were few real surprises at the Photo Marketing Show, there were enough newcomers in various photography markets to keep attendees interested.

Moving the show from Chicago to Las Vegas, for the late March date, pleased just about everyone who traveled to Vegas. Displays from all 410 exhibitors fit neatly and spaciously in the exhibit hall of the Las Vegas Convention Center. Aisles were wide and booths were creative — and competitive.

At the Kodak booth, two R2D2-like robots were on hand — one to pose with you, the other to take your picture using a Colorburst instant camera. The booth also sported a mini-vaudeville show that highlighted the company's 100 years in business.

The Polaroid booth featured six, bright background scenes, reminiscent of "America's Main Street." Attendees could pose in front of as many of the scenes as they wished, while sales reps took their pictures using the new Time Zero instant film. Among the scenes were a fruit and vegetable stand, a milinery shop and a toy store featuring either Donald Duck or Mickey Mouse.

Sankyo's seemingly quiet booth burst to life periodically with a magic show and juggling act, with the performer balancing a tripod on his forehead.

Pentax popped with popcorn. Jerry Lewis showed up at the Nikon booth. Televisions in the Vivitar booth displayed the company's ad line. Cheryl Tiegs was all about — in cardboard and on film — at the Olympus booth.

Minolta's new Weathermatic camera was highlighted in a Superman-theme film at a miniature theatre. Yashica and other companies used innovative photo displays. Still others, such as ITT, used real flowers or other photogenic props.

At the first Dealer General Session, Bruce Jenner, Olympic gold medalist, reminded dealers that

Silver Consumption in Photography

	Ounces millions	Percent of Total
1979	61.5	38.2
1978	60.0	37.6
1977	53.7	35.0
1976	55.5	32.8
1975	46.1	29.2
1974	49.6	27.8
1973	48.0	25.3

Photography industry is largest user of silver, followed by the electrical and electronic industry.

Source: Bureau of Mines.

PMA also means Positive Mental Attitude. He recounted his long road to Olympic victory in 1976, noting that it was his attitude, in the face of many adversities, that vaulted him ahead of his many competitors.

The Market

Statistical reports point to a sunny outlook for the photographic market. A Wolfman Report of the photography industry for 1979-80 notes that, "Despite persistent fears of recession, complicated by the existence of assorted political and economic crises, the photographic market continued its expansion.

"The Gross National Photo Product reached a record level of $11,446,600,000 for 1978, with a 1979 GNPP projected at $12,880,000,000. Unfortunately, the 1979 increase, approximately 12 percent, is due in large part to price increases, as inflation and higher costs made themselves felt in the photo industry.

"In real terms, the 1978-79 period can be viewed as an extremely high plateau," the report says.

The Wolfman Report indicates that instant photography has been a key factor in photographic industry growth. Instant photography accounted for about 40 percent of the total market with sales of about 2.5 billion in 1979. Total photographic retail sales were $6 billion in 1979. Instant photography experienced remarkable growth in the last two years. In 1977, according to the Wolfman Report, instant photography represented about 33 percent of photography sales. Projections are that soon, instant photography will account for about half of all dollars spent on photography.

Upgraded features on instant cameras, such as auto focus, built-in flash and the fascination most consumers have with watching a photograph develop before their eyes, have definitely aided instant access camera market growth.

The 35mm camera market need not worry, however. The growth of instants will not be at the expense of conventional cameras, but, the Wolfman report indicates, is in concert with the growth of the 35mm camera market. Many photographers with an instant camera also own or will acquire a

'Scrimp or Splurge' Syndrome

LAS VEGAS, Nev., March 27 — Economic uncertainty has spurred a consumer scrimp or splurge syndrome, J. Phillip Samper, vice president, Eastman Kodak Co., told Photo Marketing Association members here today.

Samper said that, although inflation exceeded 13 percent last year, consumers continued to take pictures at a record rate — more than 10 billion instant and traditional exposures were made last year — for the second year in a row.

Samper attributed this phenomenon to the fact that Americans "are more interested in value than price per se." Thus they will scrimp on certain product categories in order to splurge on those items that are important to them. Samper said this trend is favorable for leisure time photography.

SILVER: Samper said the silver situation could be a blessing in disguise to help the photo industry reduce costs, increase productivity and improve management skills.

"Silver is one of the most obvious productivity targets today," Samper said. Finishers now recover about 60 percent of recoverable silver, on average. Kodak wants to help increase that rate.

PHOTO MARKETS: "The photography industry may have to revise its definition of photography as being strictly a leisure time activity. When it comes to weddings and other high priority events in the lives of families," Samper said, "people regard pictures as a necessity." For that reason, "Photography has managed to stay on the upside even when the economy is declining."

Samper stressed that photo demand is not limited to these necessity pictures, but includes "for fun pictures" as well. The for-fun segment, "is the most sensitive to how marketing efforts are managed in the 1980s," Samper said.

MARKET STRATEGY: In addition to cost control, to boost earnings, Samper urged PMA members to consider a marketing strategy he calls "positioning your business to the likes and dislikes of your customers." It makes excellent sense, he said, because for the most part, expenses simply are rearranged, the breakeven point does not increase and every dollar of new volume provides more working capital.

Making a place of business more appealing to today's woman shopper, who now initiates more than half of all picture-taking activity, would be one example of positioning, he said.

DEMOGRAPHICS: Three of four households take pictures, Samper noted. By 1990 there will be 94 million of these households. They will be composed largely of 25-45-year-olds, the fastest growing segment of the population and a segment better educated than its predecessors.

While the number of pictures taken in the United States more than doubled in the last 10 years, Samper pointed out that the lion's share of that growth occurred because of increased activity on the part of picture-takers. Less than a third of that growth, he said, can be attributed to an increase in the number of households taking pictures.

"The opportunity for increasing the number of pictures taken per household, however, is limited only by our imagination and ability," Samper said.

traditional type camera, since each type of camera has its own set of advantages and disadvantages.

Indicative of this, the 35mm single lens reflex camera market grew from about 1.25 million cameras sold in 1977 to approximately 1.6 million vended in 1978, and estimates of 1.8 million purchased in 1979. Technological advances in the 35mm SLR market have been responsible, in large part, for this growth.

Retailers should not overlook the non-reflex market either, because, according to the Wolfman Report, "In terms of overall value for the photographic dollar, 35mm non-reflex cameras would be strong contenders." Auto focus, smaller sizes and built-in flash have aided growth in this market.

110 cameras have not shown a strong market position, however. Wolfman reports that 110 camera sales dropped about 10 percent last year, from 9.1 million in 1978 to about 8 million in 1979.

Movie equipment sales also have been stagnant. In 1977, Wolfman says super 8 movie camera sales reached 767,000. This dropped to 580,000 in 1978 and super 8 movie camera sales are expected to drop again in 1979 to about 450,000. Super 8 projector sales also decreased from 601,000 in 1977 to 500,000 in 1978 and are expected to drop again in 1979 to 400,000.

Meanwhile video tape camera sales increased from 400,000 in 1978 to a projected 470,000 units in 1979.

NOTE

ONLY THE FOLLOWING PAGES OF THIS PUBLICATION

HAVE BEEN FILMED

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The Marketplace

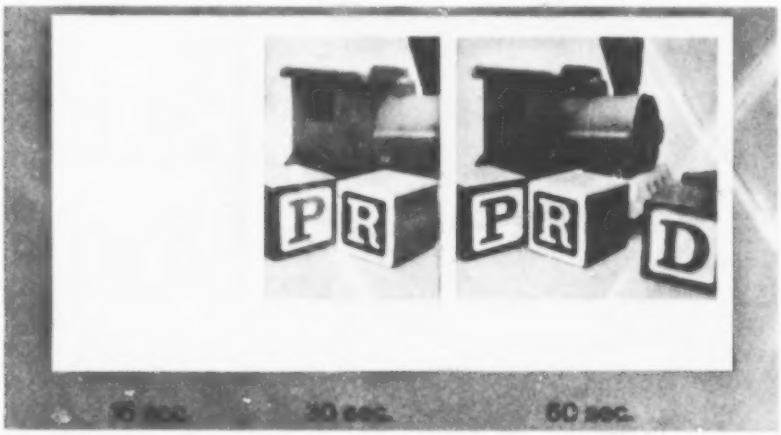
Military buyers believe that despite some market uncertainty, exchange camera departments should do well in the next year. Some new developments in the way cameras and accessories are sold and merchandised should aid the departments, buyers have said.

For example, beginning in late May, Army and Air Force Exchange Service stores will sell camera bodies, lenses and cases separately — pricing each individually.

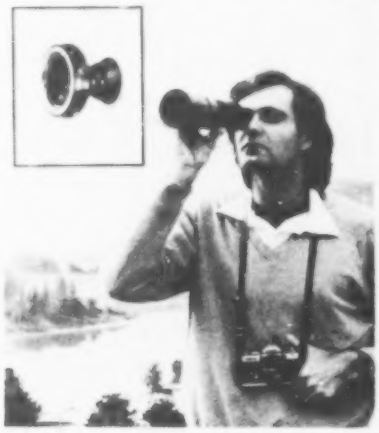
Frank Savarese, AAFES Audio/Photo branch chief, said, "This will give customers a great deal of freedom in selecting a camera system. The customer now has a choice of buying a faster lens than ordinarily would come with a camera, or a lens that has wide angle, normal and telephoto capabilities. For the customer buying a second camera, buying camera components will be particularly useful."

In the past, military exchange customers have had to buy a camera and lens together, with no substitution.

Savarese said that the effects of silver prices are being discussed throughout the industry. He said the general feeling is that people will go to smaller count rolls — 24 or 12 exposures, to keep their costs down. Another possibility, Savarese said, is that customers will switch back to using slides — and he believes this could be a wise decision. "Out of a roll of 24



Polaroid's new Time-Zero Supercolor Film is the world's fastest developing instant color film, according to the company. The new film forms an image that becomes visible in about 10-15 seconds. The photograph appears delicate yet full in 30 seconds and looks finished in about a minute.



Minolta's interchangeable lenses can be converted into viewing telescopes with the new Minolta Lens/Monocular Converter. The converter, mounted on a normal or telephoto lens, will greatly magnify views of distant subjects directly through the lens without the need of a camera body. The converter also can be used with Minolta close-up equipment to provide highly magnified views of small subjects.

Mamiya's new ZE single lens reflex camera is the first new product offering of the new Bell & Howell/Mamiya Co. The compact ZE features an Automatic Exposure system that selects the correct shutter speed according to the aperture setting and also offers an optional automatic winder. Shown here are the camera, lenses and accessories also available.

color slides, a customer may want to print only four or five pictures, which ultimately would save money and keep him or her interested in photography.

"There have been a number of predictions along these lines," Savarese said. "But most of us are betting that there will be a shift in popularity to 12 and 24 count film, with 24 and 36 count film used primarily for vacations."

There had been some speculation that because of the instability in the silver market, film suppliers, such as Eastman Kodak Co., would discontinue offering military exchanges long term film contracts. Savarese discounted that possibility:

"Kodak normally protects itself against any major fluctuations in the cost of raw materials it uses. In addition we do not have fixed price, long term agreements with the company. The agreement always has been that Kodak would give us a minimum 30 days' notice, when a price increase was coming. Other than that the agreement allows for price changes."

B.L. Olson, senior buyer, cameras, for the Navy Resale and Services Support Office, said that he does not expect film prices to come down, even though silver prices went down. He said that the NAVRESSO stores have not had any problems with film shortages, as have some civilian sources, except when Kodak first announced its recent price increases.

Olson said that there are two main areas that he and other Navy camera buyers will be trying to upgrade this year: camera accessories and the movie camera/projector area.

"Right now we carry filters and blister-packed camera accessories from only one source for each. But we are looking for other sources. We know these items have a better mark-up than 35mm SLRs. Filters, for example, almost always are carried at full list price by retailers — and the customers seldom question the pricing. And even with the high mark-up applied in the military, filters still are priced lower than in civilian stores (unlike some SLRs)."

In the movie camera and projector area, Olson said that he and the buyers from San Diego

A new popularly priced Super-8 silent movie camera, the EM-20XL, has been introduced by Sankyo Seiki (America). The "Little Wonder" has an "ultra-fast" f/1.2 lens, a 2:1 zoom ratio and a fully automatic exposure system.

accompanying him at the PMA show agreed that these items should be promoted more in exchanges. "We realize that this is not necessarily a growing category. But the consensus we reached was that we could get more volume if the items are promoted," Olson said. "We definitely are not getting out of the movie camera business anytime soon," Olson added. "For one thing, our exchanges are not giving these items away, as in the case of SLRs."

Frank Savarese said that in AAFES exchanges, filters are among the hardest products to sell. "Clerks can be very uninterested in them. We are recommending that buyers and store managers take a hard look at filters," Savarese said.

Other areas AAFES buyers will be considering include medium format cameras for ConUS exchanges, more darkroom supplies (Savarese noted overseas darkroom equipment sales have been up over the last year), and emphasis on accessory lenses. "Companies are making all lenses more compact and less expensive. This should give a boom to the accessory lens business," Savarese said.

The Cameras . . .

The Photo Marketing Association show was indeed a grand "show-and-tell" by camera companies: Here is a sampling of what companies were offering:

Eastman Kodak Co. — Celebrating its centennial this year, Kodak has coined a new company motto — "A 100-year start on tomorrow." At the PMA, Kodak emphasized already existing products including the Colorburst instant camera line, Ektralite cameras and Kodak publications. One of the company's most recent publications, a coffee table size book called, "The Joy of Photography," has been on the *New York Times* bestseller list over the past months.

Kodak has announced that it will introduce four new 110-size cameras later this year, possibly this summer. These are: the Kodak Ektra 200 camera, a model with a normal focal-length lens using flipflash; the Kodak Tele-Ektra 300 camera with both normal and tele lenses using flipflash; the Kodak Ektralite 500 camera with normal lens and built-in electronic flash, and the Kodak Tele-Ektralite 600 camera, which features both normal and tele lenses and built-in electronic flash.

The company also announced a program for photo finishers that would aid in silver recovery, quality control, sales training and other aspects of improving the photo finishing market.

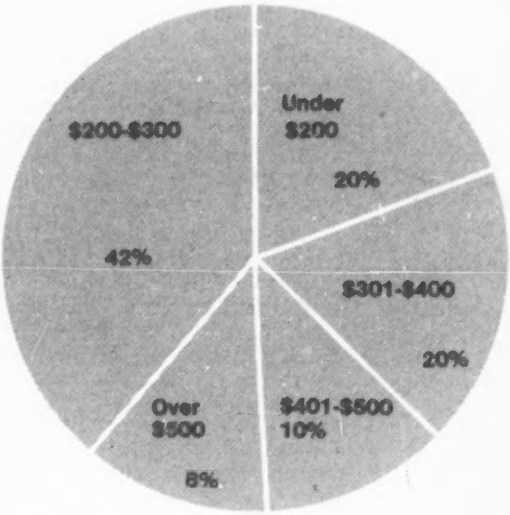
Polaroid — This instant access oriented company zeroed in on one aspect of its product line — the new Time-Zero supercolor SX-70 Land Film — at the PMA show. The film, which the company says is the world's fastest developing instant color film, is finished in about a minute. An image becomes visible in about 10 seconds. Former SX-70 instant film required between three and four minutes for developing.

The new film is designed for use in any camera that accepts SX-70 film, including OneStep, Pronto Sonar and SX-70 Sonar models. It is being backed with about $6 million to $7 million in advertising this year, in time for its national roll-out. Now, the new film is available only in Florida.

Yashica — Highlighting what the company considers "the most technologically sophisticated SLR camera system available," Yashica reps readily discussed the new Contax 139 Quartz camera.

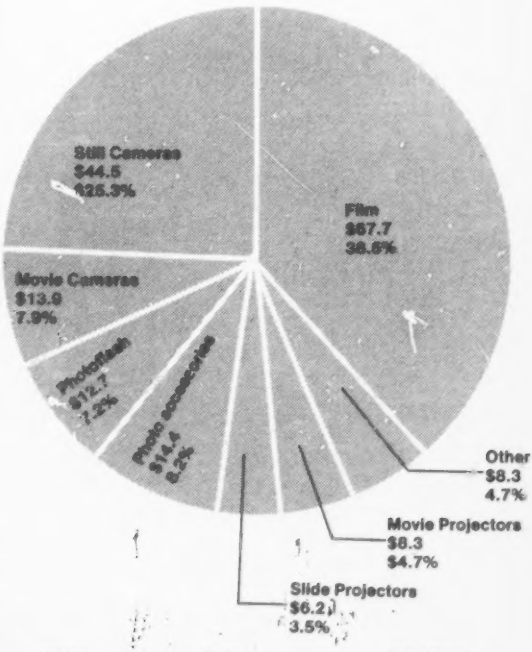
The Contax 139 Quartz is the first camera with "quartz accuracy" exposure control, according to the company. The digital control of shutter speed and operating se-

SLR PURCHASES BY PRICE



Source: Wolfman Report

WORLDWIDE MILITARY PHOTO SALES TOTAL $176 Million



1978 domestic sales were $115.7 million
1978 Overseas sales were $60.1 million

$ in millions

Source: Army Times Publishing Co. Research Department

quences, the electro-magnetic release system, the exposure and exposure memory systems, the viewfinder LED indicator pulse and even the self-timer offer quartz control.

The Contax 139 also is the first camera to have two independent built-in light metering systems — one for normal auto and manual exposures, and one for flash exposures. Other features include a multiple exposure switch, which doubles as an exposure compensation lock button, and an Auto Exposure lock feature, which acts as something of an override to the automatic mode, allowing the user to take a light reading, move away and keep the exposure locked in place to take a picture, with a special effect or compensating for back lighting, etc.

A full line of accessories such as motor drives are available.

Bell & Howell/Mamiya — Three medium-format SLR-s — the M645J, M645 and the M645 1000S were featured at the PMA. The company says the M645 system is ideal for advanced amateurs and professionals because it offers the versatility of a 35mm SLR with the advantage of a negative that is approximately 2¼ by 1⅝ inches — close to three times as large as the standard 35mm negative. The M645 system uses either 120 or 220 roll film, and features interchangeable viewfinders, focusing screens and multi—coated lenses for a wide variety of photographic applications. The company offers a guaranteed two-working-days repair service for medium format cameras such as the M645 series.

Bell & Howell-Mamiya also introduced the first new product offering of the new Bell & Howell/Mamiya — the Mamiya ZE. This is a 35mm SLR camera with "state-of-the-art electronics to make quality picture-taking foolproof."

The Mamiya ZE features quartz-timed shutter speed mechanism and LED viewfinder, which indicates over- and under-exposure. A full range of lenses and accessories is available, including winder, electronic flash and lenses.

Pentax — The Pentax ME Super was introduced for the PMA show. The company says the ME Super "is sure to be the new standard in automatic 35mm SLR cameras with manual override capability." The ME Super has the added feature of manual override with coupled through-the-lens metering, without the use of a conventional shutter speed dial and without increasing size or weight. The Pentax ME, a popular automatic 35mm camera, does not have the manual override feature. The ME Super is aperture-preferred. Once an f/stop has been selected, an automatic exposure system selects the shutter speed required from the broadened range of four seconds to a super-fast 1/2000th second.

Pentax also announced new accessories for the company's System 10, complete system of photography centering around the Pentax Auto 110 SLR camera. New accessories are: a palm-sized fully automatic electronic flash, which can deliver up to 150 automatic flash pictures from only two 1.5V AAA Alkaline cells; a Deluxe Attache Case, capable of handling

the complete System 10 outfit; the Auto 110 Belt Clip and Mini Bag, Skylight and UV filters. Telephoto, wide-angle and close-up lenses also are available for this 110 camera.

Minolta — Seven new products were introduced at the PMA show — the Minolta Weathermatic-A, three pocket cameras, two tele converters and a lens-monocular converter.

The Weathermatic-A is "the world's first 110 camera that floats." It can take pictures underwater to depths of 15 feet, comes in a bright yellow, watertight plastic body, has oversize control knobs for easy handling with gloves on. has a built-in electronic flash, an all-glass lens and a shutter speed of 1/200 second.

The three new 110-format cameras being introduced are the Pocket Autopak 460TX, 450EX and 430EX, each featuring exclusive audible and visible low-light exposure warning signals and illuminated distance scales. Each has a 1/200 second shutter speed, and the "flashmatic" system, which adjusts exposure automatically as the camera is focused.

Another new Minolta product is the Lens/Monocular Converter, which attaches easily to Minolta lenses via the bayonet mount, enabling the Minolta photographer to transform his lens into a viewing telescope. Without the need of a camera body, the user can see greatly magnified views directly through the lens.

Olympus — Among the new products shown at the PMA by Olympus was the T-Series Flash System. This system extends the Olympus OM 2 off-the-film exposure feature. The T-32 flash unit, part of the new T-Series, has illumination capabilities from just a few inches up to 86 feet and has a recycling time of from 0.2 to 7 seconds. The T-32 can be used on the camera, off the camera and in direct bounce flash modes, as well as using the off-the film metering system to offer normal automatic or manual modes.

Canon — The new Canon AF514XL-S super 8 movie camera was introduced at the PMA. It features Solid State Triangulation automatic focusing. The focusing system is based on the range finder concept and uses a microcomputer signal processor. Unlike other automatic focusing systems, this system has no moving parts.

WHEN PEOPLE BUY

Cameras:	% Still	% Movie
May 1—Aug. 31	29	29
December (Xmas season)	37	30
Remainder of year	34	41
	100%	100%

Film:	% Still	% Movie
Jan.-Feb.	10	8
Mar.-Apr.	14	14
May-June	21	23
July-Aug.	22	25
Sept.-Oct.	12	12
Nov.-Dec.	21	18
	100%	100%

Source: Wolfman Report

It is based on the principle of knowing one angle and the length of one side of a right trangle, making it possible to determine the length of either of the other two sides.

Other features of the AF514XL-S include 9 to 45mm zoom lens with macro focusing, power and manual zooming, 18, 24 fps and single frame, through-the-lens viewing, remote control and sound level indicator.

A new compact 100 to 300mm F/5.6 Canon zoom lens with FD mount and zoom control also was introduced, in addition to a new 135mm f/2 telephoto lens, which is the lightest available in its focal length, according to the company.

Vivitar — Fourteen new products were introduced at the PMA show by the company. These are: two Continuous Macro focusing zoom lenses and one wide angle lens; two Matched Multipliers optically matched to the new zoom lenses; two 110 pocket camera models as additions to Vivitar's 800 series; a video tripod and tripod dolly; three filters, and two electronic flash accessories.

Both of the new zoom lenses incorporate Continuous Macro Focusing, which means that once a close-up subject is selected and the equipment fixed at a convenient distance from the subject, the photographer has tremendous flexibility in image size. There is no longer a need to "shift" into separate Macro or Close-up mode; the photographer retains full zoom capability throughout the entire range — from infinity to one-quarter life size.

Of the three new filters, the Fog I and Fog II give a fog-like effect when used under diffused light source. The other new filter, the Cross-Screen VIII, produces an eight-point star effect from point light sources and produces an array of highlights from multiple light sources.

Nikon — The new F3 was premiered at the show by the company. There are a number of new features incorporated in the camera making it "more reliable and more versatile than any Nikon ever made," according to the company.

The F3 has a unique behind-the-mirror metering system and a fully modular system of accessories. The F3 offers exposure automation with every reflex-viewing Nikkor lens ever made, even during flash photography. Four viewfinders are available for the camera.

Built on a die-cast aluminum alloy body, the F3 is about 20 percent lighter and more compact than its predecessor and it offers the most complete selection of mechanical, electronic and optical features ever assembled in a Nikon camera, according to the company.

A complete selection of viewfinders and focusing screens, Liquid Crystal Display viewfinder information readout, electronically timed Titanium shutter, quartz-timed manual shutter speeds, electromagnetic and mechanical shutter releases and a new unified metering system, which gives accurate exposures in automatic or manual mode are among the camera's features.

Sankyo — The company introduced a Super-8 sound movie camera combining advanced features with "aim-and-shoot" simplicity. The Sankyo Sound XL-320 Supertronic VAF, adds automatic focusing to automatic exposure control and built-in sound system.

The camera's Visitronic Auto Focus system (VAF) uses an optical detector to signal a control circuit, which automatically activates the focusing meter. MM

Facts on Fattening Filter Sales

MOST DEALERS ADMIT they don't promote filters as much as they should.

Dealers realize that filters represent an important part of store revenue. Some filter sales reps say that if dealers sell just three filters, they can make as much profit as they make selling one low mark-up 35mm SLR camera.

So what should they do? At a breakfast seminar at the PMA show, Sol Tiffin and Walter Weisbuch of Tiffin Filters Co. shared a number of tips on getting clerks and customers alike to pay more attention to filters.

Tiffin said that the boom in the single lens reflex camera market should mean a boom for filter sales. Since SLRs have through-the-lens viewing, the SLR user can see exactly how the filter is effecting the picture. Not so with range finder cameras.

Weisbuch noted that one key phrase sums up the filter display situation: "Out of sight, out of mind."

Stocking all filters under the counter or away from sight in a drawer is the best way to flatten filter sales, Weisbuch said. "On the other hand, when filters are staring the customer and the clerk in the face, sales climb," Weisbuch said.

Weisbuch recommends three techniques to bring filters out into the open. First, put a skylight filter on every camera in the display case. Second use a hang-tag on each camera that shows the camera's list price, store selling price, and the price of the filter. Third, put the box for the filter beside each camera.

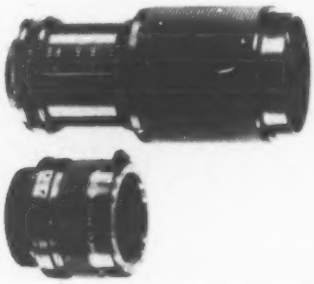
Putting a filter on each camera helps give the cameras a more attractive look. The hang tag shows the customer how much of a deal he is getting as well as reminds him to buy a filter. And the box displayed by the camera is handy for closing the sale because the clerk does not have to hunt down the box.

The hang tags are particularly crucial in shops that employ many part time employees, or new employees, who may not remember or even be interested enough to suggest accessory sales.

Weisbuch noted that an entire stock of filters obviously cannot be displayed on cameras. A drawer case can be used to stock filters that can fit on a counter. This once again puts the filters at eye level. It also can be decorated with filter pamphlets, which show and explain the different types of clear, colored and special effect filters.

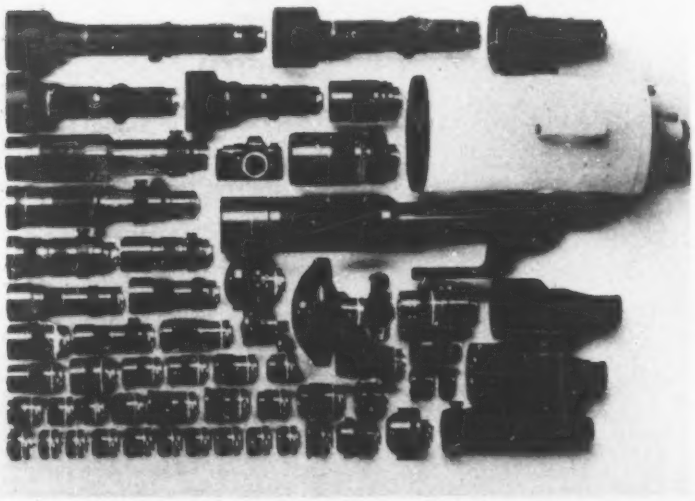
The Soligor C/D 80-200mm F/4.5 Zoom-Macro lens, one of the most compact in its range, debuted at the Las Vegas PMA show. The lens has a focal length of only 4.8 inches at infinity, offering photographers focal lengths from portrait to telephoto at a popular price.

The new Pentax ME Super automatic 35mm SLR with ElectroTouch override features a complete system of color-coded LED's in its large, bright viewfinder to provide the photographer with an extensive display of information without ever having to look away from the camera eyepiece.



Vivitar's new Fixed Mount 75-205mm f3.8 Macro Focusing One Touch Zoom Lens offers enormous reach — up to 410mm with the Vivitar 2X Matched Multiplier, shown below the lens.

The new Canon AF514XL-S super 8 movie camera features an innovative approach to automatic focusing — Solid State Triangulation — a system that employs no moving parts to focus automatically.



The Nikon F3 is part of the well known Nikon System of 35mm photography, with a choice of 70 lenses for professional creativity and versatility.

FROZEN FOODS:

THE FREEZE IS OFF!

By Nancy Tucker

Commissary performance in the frozen food category should improve this year, what with a big promotion slated for the fall and new research available for analysis.

THIS YEAR MARKS the golden jubilee of the frozen food business, and people throughout the food industry have been making a lot of hoo-rah about the miracle that Clarence Birdseye wrought upon all our lives some 50 years ago in March.

In fact, there's been enough talk generated about the place of frozens in the marketplace that some people in the commissary systems have been taking a good look at how these products have been performing in comstores.

And the picture they're coming up with hasn't always been very favorable. Some folks within the systems are now even willing to admit that they really haven't been paying enough attention to the importance of this category in the stores.

"Frozen foods are a disaster in this system," one headquarters official recently exclaimed in frustration. "We just aren't doing enough."

The year 1980 offers a couple of opportunities for the systems to do some introspection about the place of frozens in commissaries.

Hopefully, some self-examination will take place later this year, when each of the services will be given the chance to create system-wide, month-long frozen food anniversary festivals.

Packers and brokers alike are gearing up for this by preparing a wide range of promotional deals. They'll be offering the stores an impressive range of point-of-sale materials for in-store decoration.

Industry sources have told MILITARY MARKET that increases in unit sales of as much as 20 percent can be expected for stores that fully participate in the anniversary promotion. *(Editor's note: see separate story on page 32.)*

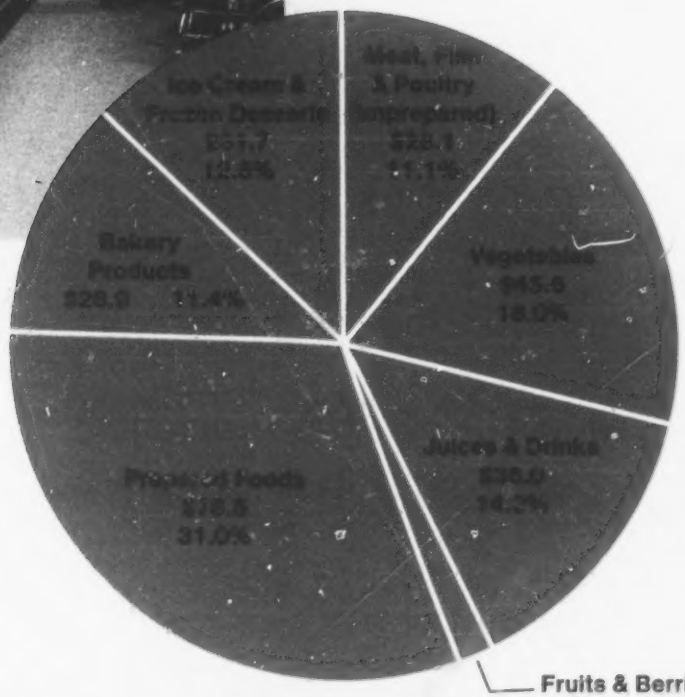
Profitability Study

Another opportunity to take a hard look at the place of frozens in this business has come with the publication of an extensive study of frozen food departments in supermarkets.

This was carried out by the National Frozen Food Association (NFFA), a major trade group representing processors and distributors of frozens around the world.

The basic question asked by the study was, "Are frozen food departments generating net profits for today's supermarkets?"

A translation of this for the resale market would be, "Are



FROZEN FOOD SALES IN COMMISSARIES — CY 1978

SOURCE: Research Department, Army Times Publishing Company
$ in millions

frozens carrying their weight in commissaries?"

The answer to both questions is certainly, "Yes." But the implications of the research have led its compilers to conclude that, while frozens are "doing their bit" in the stores, they could be doing a lot more.

The greatest share of the supermarkets examined in the research — 44 percent — were doing between six and eight percent of their total store sales in frozens.

Worldwide, commissaries average 7.8 percent of total store sales in frozens, which stack them up well with this part of the research sample. (Domestic commissaries averaged 7.9 percent. Commissaries overseas averaged 6.6 percent of total store sales in frozens, according to research compiled by the Army Times Publishing Company.)

Of the civilian stores studied, only eight percent had less than a six percent distribution of frozens. And 12 percent had 12 percent or more of total store sales in frozen foods.

The range of sales as a percent of total store sales varied from a low of 5.3 percent to a high of 14.4 percent, with the typical range between seven and 10 percent, and an average distribution of 8.8 percent.

Sales-to-Space

One of the questions determining the "profitability" of frozens in food stores is whether the percentage of store sales is relative to the percentage of store selling space given to the frozens department.

The study notes that, "for the stores in the research project, the space was about one percent less than the percent of store sales."

Thus, while the average store collected 8.7 percent of its total sales from the frozen food department, it gave that same department only 7.8 percent of the store's selling area.

Frozen foods in the research study's stores, therefore, are being underallocated in terms of space relative to the contribution they are making to the total store sales picture. Their potential, in short, is being underutilized. And there's not an awful lot of reason to think that the situation is any different in commissaries, although no comparable research exists for the resale systems.

Intros and Line Items

One of the major factors affect-

(Continued On Page 34)

FROZEN FOODS:

(Continued From Page 31)

ing space allocation in frozens, of course, is the very nature of the department as affected by its equipment.

The frozen food section of any food store, civilian or military, is premised on the amount of freezer equipment the store can accommodate. Unlike dry groceries, adding to or reducing the amount of space in frozens isn't simply a matter of expanding or contracting shelving. The store operator works within the fixed limit imposed by freezer capacity, and adding more space means the purchase of additional equipment.

As the nation has seen an acceleration in the pace and style of living, demand for frozen products has increased, and new product introductions in the frozen food category are among the highest in the retail food business.

Every new frozen item brought into the marketplace, therefore, has to slug it out for a place in the freezer cabinet. This makes the selection and allocation of products an especially sensitive area to every store operator, not to mention brokers and packers.

Over the last two years, vendors have offered an increasing number of items in the frozen food department.

The NFFA study shows that most civilian food stores today are carrying upwards of 650 line items in their frozens department.

Thirty-six percent of the stores surveyed carried between 700 and 800 items, and another 14 percent of the stores displayed more than 800 items. Thus, fully half of all civilian retailers are stocking more than 700 different products in their frozen food cases.

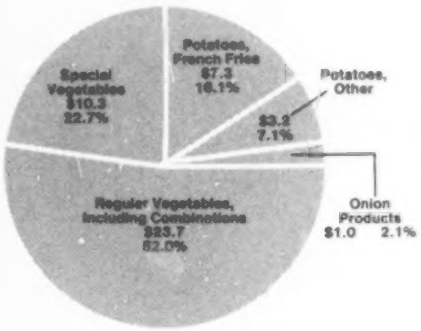
Only 22 percent of the research stores carried fewer than 600 items, with another 28 percent recording between 600 and 700 items in their freezer cases.

Product Profitability

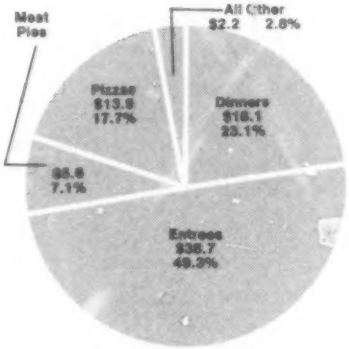
If it appears that the frozen foods department as a whole is underallocated relative to its contribution to total store sales, it's also possible to determine whether specific product groupings within the frozens category are underper-

(Continued On Page 36)

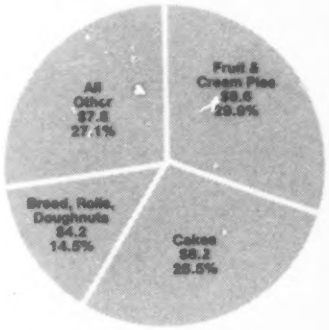
FROZEN VEGETABLE SALES IN COMMISSARIES — CY 1978



FROZEN PREPARED FOOD SALES IN COMMISSARIES — CY 1978



FROZEN BAKERY PRODUCTS SALES IN COMMISSARIES — CY 1978



SOURCE: Army Times Publishing Company

$ in millions

Frozen Food Cases in Supermarkets:

Type of Case	% Using	Proportion of Total Linear Floor Footage	Average Installation Footage
Glass Door	64%	29%	52 ft.
Open (Coffin)	8	58	160 ft.
Multi-Deck	49	13	44 ft.
Other	1	—	48 ft.

SOURCE: Food Marketing Institute

FROZEN FOODS:

(Continued From Page 34)

forming or overperforming, relative to the number of items being carried and the space they occupy.

The NFFA study also examined this question of specific product grouping allocations.

For instance, Regular Vegetable products in the study occupied 8.6 percent of the total department space and accounted for 8.2 percent of the total number items displayed. But they contributed only 7.7 percent to the total department sales, making them a grouping that is *overallocated* both in terms of space and number of items displayed.

On the other hand, the Juices grouping *overperforms* relative to the rest of the category. Juices, NFFA found, averaged 6.7 percent of total cabinet space in the stores studied. But they accounted for a whopping 13.4 percent of the total department sales. And this was made with only 5.6 percent of the total items in the cabinet!

Commissary 'Profitability'

Readers may question any discussion of "profitability" when it comes to the subject of commissaries, since the objective of the systems is not to make a profit but to be of customer service.

Yet the subject is becoming increasingly pertinent as the systems struggle to keep sales ahead of inflation. Customer defections are continuing and this can only hurt the stores, despite the fact that they are spending more money when they *do* get to the stores.

As the services pursue a continued existence, it is gratifying to know that many officials are beginning to pay some attention to this whole issue of "profitability" as it applies to commissaries. Air Force and Navy both will be issuing detailed store merchandising schematics within the next couple of months, and hopefully considerations such as have been raised in this article will be taken into account.

Most civilian retailers predict that the frozen food business is still on the upswing, and that the nation's appetite for quick-and-easy foods is nowhere yet near the satiation point.

Thus, it behooves the commissary business to follow suit with this trend. And intelligent analysis will assist in the continued survival of the stores.

AVERAGE NUMBER OF FROZEN FOOD ITEMS DISPLAYED IN SUPERMARKETS:

Product Category	No. Items	% of Items
Specialty Prepared Foods	70.9	10.2%
Speciality Vegetables	60.0	8.6
Vegetables, Regular	56.8	8.2
Cake, Other Pastry	56.4	8.1
Dinners	45.8	6.6
Juices	38.6	5.6
Fish	37.3	5.4
Pies, Fruit & Cream	36.0	5.2
Potatoes	34.6	5.0
Pizza	33.0	4.8
Nationality Foods	30.5	4.4
Meat	29.5	4.3
Specialty Seafood	22.1	3.2
Novelties	20.8	3.0
Breakfast Items	20.4	2.9
Miscellaneous	19.7	2.8
Ice Cream	19.4	2.8
Dough and Rolls	19.0	2.7
Specialty Ice Cream	17.3	2.5
Pot Pies	13.7	2.0
Fruits	12.1	1.7
TOTAL	693.9	100.0%

SOURCE: National Frozen Food Association

Please Feed the Animals

By Susanne D. Williams

Manufacturers fight like "cats and dogs" for a share of the $3.3 billion pet food market, which is increasing in dollars and volume even faster in the military market than in civilian stores. But success breeds problems: mushrooming brand proliferation has become the pet peeve of store operators.

THE GOOD appetite shown by America's cats and dogs last year was a sign of health — and not for the pets alone.

What disappeared behind canine and feline teeth was more than 800 billion pounds of chewy and crunchy goods that translated into a healthy sales volume for the pet food industry of approximately $3.3 billion.

While dogs proved to be man's — and industry's — best friend by accounting for 68 percent or $2.2 billion of the total pet food consumption, cats consumed increasingly more in terms of pounds and dollar sales.

While dog food consumption went up only 8 percent in dollar sales and 3 percent in poundage, cat food consumption increased by 10 percent in dollar sales and 4 percent in pounds.

These figures, compiled by the A.C. Nielsen Company, are based on sales in the first six months of 1979, and compare well with the same figures for the preceding year.

In 1978, pet food consumption had gone up 7 percent in dollar sales, according to Nielsen (although the Maxwell report lists a smaller percentage increase of 5.4 percent) and, for the first time, had topped the $3 billion line. Sales by pounds during the same period went up by 3 percent and totaled 8.2 billion.

Military cats and dogs showed even healthier appetites in 1978 and consumed approximately 14 percent more in terms of dollar sales, according to the Army Times Research Department.

Although some of the dollar sales increase has to be attributed to inflation and higher prices, the pet food industry remained remarkably untouched by general price increases. According to Nielsen, dog food went up 2 percent in 1978 and 3 percent in 1979 compared to 7 percent and 5 percent for 75 different packaged commodities during the same periods.

Plethora of New Products.

Pet food manufacturers were all too happy to cater to pet palates with a dazzling array of new products. Since earlier studies had indicated that 50 to 60 percent of all cats and dogs are being commercially fed, as a Quaker Oats spokeswoman said, practically half of America's pet population still remained an untapped market, promising steady growth and increasing sales.

As a consequence, pet food companies have introduced new lines of products in the last two years or, at least, added more flavor to existing ones. By the end of 1978, pet foods were available in a total of 1140 varying sizes, brands and types with dog foods accounting for 697 varieties or approximately 61 percent, Nielsen reports.

The 1978 proliferation constitutes a 9 percent increase over 1977, which only saw a 2 percent increase in brands, sizes and types.

A number of the new entries were in the field of dry and soft-dry pet food, which has achieved substantial gains over the last two years. According to Maxwell, dry dog food, soft-dry dog food and dry cat food in 1978 went up 8.2 percent, 250 percent and 10.2 percent, respectively.

Ralston-Purina, the market leader with four of the five top brands in the approximately $1 billion dry segment, recently introduced "Mainstay," a dry dog food with vegetable flavor, which it bolstered by what the company called the largest ad promotion program in company history.

"Mainstay" will be followed soon by two more dog foods that currently are being tested in local markets, as well as by two new cat products, "Good Mews" and "Country Blend."

(Continued on Next Page)

Photo by Joe Matera

PET FOOD

(Continued From Page 45)

Part of Purina's strategy is to reclaim some of its market share that the company lost to heavy competition. The Maxwell report indicates that Purina sales accounted for 31.6 percent of the market in 1978 as opposed to 32.7 percent in 1977.

With the exception of those of Carnation, market shares of General Foods and Quaker Oats, Purina's strongest competitors, increased slightly from 1977 to 1978.

All three companies also have added new products to the pet food scene and battle for increasing sales "like cats and dogs."

In spite of a general decline in the soft-moist segment, General Foods made its newest entry with "Gaines Complete" in precisely that category, but priced it competetively with the moist, dry dog food segment. "Gaines Full Course," a dry dog food, still is being tested in local markets in which it has gained already a 4 to 5 percent share.

Quaker Oats has followed the success of its "Ken-L Ration Tender Chunks," which reportedly holds 10 percent of the dry dog food market now, with "Ken-L Ration Tender Chunks Dinners," a low-priced premium canned dog food.

Carnation has added "Chef's Blend" to the cat food market and already gained a substantial share of the dry cat food segment. In addition, the company recently launched a dry cat food entry under the name of "Fish Ahoy."

One new product in the long line of news ones is not likely to reach commissary shelves for a while , if ever.

It is a dog food enriched with birth control chemicals tentatively called "Extra Care." Carnation, which developed the product in conjunction with Upjohn, applied for approval from the Food and Drug Administration to market the product some time ago. According to Dr. Curtis Miller of Upjohn, the product is now in the final stages of review but, once approved, will only be sold through veterinarians.

More Money, More Variety

What differentiates the newer products from the older, more established ones are the breathtaking amounts of advertising and promotion dollars spent on them: Purina's "Good Mews," for instance, was to be launched at the tune of $14 million.

Since big advertising and promotion dollars are the forte of bigger companies, it is expected that those expenditures will allow them eventually to regain some of the lost market shares and force smaller companies to disappear or cut back on new products.

Otherwise, products differ in price, packaging and texture. Manufacturers zero in on specialized pet groups with products for young, old, active or obese animals, a concept General Foods' "Cycle" line has popularized; they also try to cash in on the increasing demand for dry or soft-dry foods with slogans such as "No cans. No mess. Costs a lot less." Makers of cat foods capitalize on the alleged picky and finicky eating habits of felines which drive their owners from product to product in search of the ultimate cat's delight.

The choosy palate of cats, however, is vastly overrated, said Dr. Clark of the American Veterinary Medical Association. Cats usually will eat any kind of food, provided they are hungry enough.

Nutritionally, all major pet foods are "excellent," Dr. Clark said. Containing mostly meat byproducts, deboned or whole ground chicken, cereals and being fortified with minerals and vitamins, they all meet the nutrional demands of the pet population. .

The only problem lies with all-meat or all-fish pet foods, Dr. Clark said, for liver damage can result. Moderation and balance in pet diets are more important than one brand over another.

The pet food market is thus a market for ever growing alternatives and designed to exploit America's growing concern for its furry and feathered friends.

From Cans to Bags

Although pet foods have been on the market for some decades, the drastic switch from table scraps to commercially prepared pet foods has been a rather recent phenomenon. While the baby-boom generation, now in its 30s and late 20s, is said to account for the majority of pet owners and thus for an increasing pet population, greater interest in nutritional value and variety of human foods

(Continued On Page 50)

PET FOOD SALES IN MILITARY COMMISSARY 1974-1978

YEAR	TOTAL SALES	DOG FOOD	CAT FOOD	OTHER PET FOOD
1978	$88,321,100	$51,314,600	$31,089,000	$5,917,500
1977	77,445,900	45,538,200	27,183,500	4,724,200
1976	75,895,600	44,626,600	26,646,900	4,622,000
1975	68,745,100	43,996,900	21,104,800	3,643,400
1974	61,312,300	39,239,500	18,822,700	3,250,100

SOURCE: Army Times Research Department

PET FOOD SALES IN MILITARY COMMISSARIES
1978

	DOMESTIC	OVERSEAS	WORLDWIDE
PET FOODS (TOTAL)	$70,656,900	$17,664,200	$88,321,100
A. Dog Food, Canned	16,536,600	4,218,900	20,755,500
B. Dog Food, Dry	17,025,500	4,171,600	21,197,100
C. dog Food, Semi-Moist	7,508,300	1,853,700	9,362,000
D. Cat Food, Canned	16,745,700	4,186,400	20,932,000
E. Cat Food, Dry	6,128,400	1,555,500	7,683,900
F. Cat Food, Semi-Moist	2,199,900	543,100	2,473,000
G. Cat/Dog Candy & Specialties	3,320,900	830,200	4,151,100
H. Bird Food	1,054,500	270,400	1,324,800
I. All Other	353,300	88,300	441,600

SOURCE: Army Times Research Department

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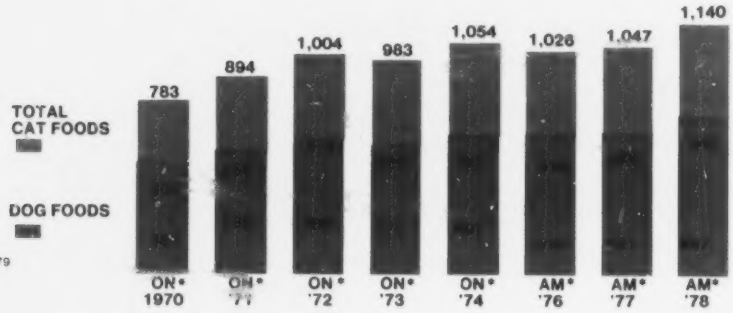
SHERATON WASHINGTON HOTEL · JULY 13 TO 16

LITTLE BROTHERS SHOWS. INC. 261 Madison Avenue, New York, N.Y. 10016

TREND OF AVAILABLE BRANDS, TYPES & SIZES OF DOG & CAT FOODS

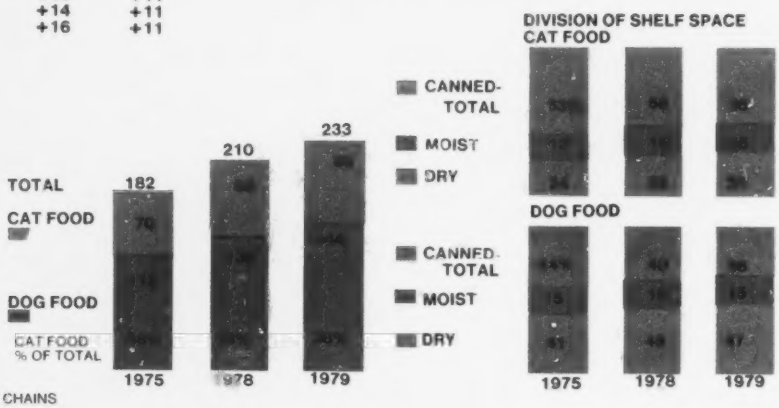
% CHANGE								
TOTAL	+3%	+14	+12	-2	+7	-3	+2	+9
CAT FOODS	+4	+20	+16	-2	+9	-7	+2	+4
DOG FOODS	+3	+11	+10	-2	+6	±0	+2	+12



SOURCE: A.C. NIELSEN COMPANY, 1979
*ESTIMATES FOR THE YEAR, BASED ON DATA COLLECTED IN OCTOBER/NOVEMBER OR APRIL/MAY

PET FOOD SHELF SPACE TRENDS
Chain Food Stores*

LINEAR FEET PER STORE			
TOTAL	+6%	+15	+11
CAT FOOD	+6	+14	+11
DOG FOOD	+6	+16	+11



*EXCLUDES CONVENIENCE CHAINS
SOURCE: A.C. NIELSEN COMPANY, 1979

Percent Pet Food Sales By Category
Military Commissaries vs. Civilian Supermarkets
1978

Category	Percent of Total Pet Food Sales: Military Commissaries†	Civilian Supermarkets*
Dog Food, Canned	23.50	20.97
Dog Food Semi-Moist	10.59	8.48
Dog Food Dry	24.00	22.75
Cat Food Canned	23.69	20.66
Cat Food Dry	8.69	9.03
Cat Food Semi-Moist	2.80	3.06
Dog/Cat Candy & Specialties	4.70	5.29
Bird Food	1.49	1.69
Non-Pet Food Items	—	7.52
All other Pet Food	0.50	0.55

† SOURCE: ARMY TIMES RESEARCH DEPARTMENT
* SOURCE: "1979 SALES MANUAL," *CHAIN STORAGE SUPERMARKETS*, JULY 1979

PET FOOD

(Continued From Page 46)

may have had some spillover effect.

Initial pet food preferences were for the canned variety, a category now steadily declining in pound sales with the exception of canned specialty food for cats. Canned pet foods are more expensive and less convenient than other kinds, a Quaker Oats spokeswoman said.

Consumer preference tends increasingly more to dry or soft-dry foods which, in spite of their high one-time purchase cost, are cheaper than any other pet food and cheaper still when bought in large quantities.

The average price per pound of a 5 lb. bag of dry dog food in spring 1979, for instance, was 34.7 cents compared with 24.6 cents per pound of a 50 lbs. bag, the Nielsen study found.

Undoubtedly, a growing awareness of the size-price relationship has influenced consumer buying habits. Sales of 40 to 50 lb. bags have been rising steadily from 10 percent in 1972 to 18 percent in 1979. While the overall rise in sales of 25 lb. bags was less dramatic, they still climbed from 38 percent in 1978 to 40 percent in 1979. Together, both sizes account for 58 percent of all package sizes for dry brands and are expected to rise even more.

Cat food prices per pound are slightly different. Per pound servings are cheapest in the canned maintenance category (34 percent in 1979), followed by dry foods (52 cents), canned specialty (70 cents) and moist (97 cents).

Yet, consumer buying habits are not only shaped by size and price considerations but also vary from area to area. Current rural pet food sales are higher than those in urban settings although both areas are strong in sales of dry dog food and weak in moist dog food sales. Canned dog food, however, is on the decline in urban areas although it recovered a growth position in rural areas, the Nielsen study found.

Shelf Space Gets Sparce

The overall gist of pet food statistics has made retailers groan. The onslaught of brand, size and category proliferation has long been their pet peeve.

Yet, with pet food enjoying a dollar and tonnage growth equal to or greater than that of prepared beverages, household supplies and canned goods, retailers have given pet foods an increasing amount of shelf space.

While the total of cat and dog foods (including snacks) occupied 182 linear feet in an average store in 1975, the same products occupied 233 linear feet in 1979, Nielsen said. From 1978 to 1979 alone space allocations grew by 11 percent in both pet food categories.

Naturally, the biggest increase of shelf space occured in dry foods with 30 percent allocated for cat foods and 47 percent for dog foods in 1979. During the same time, canned foods occupied 55 percent and 38 percent for cats and dogs, respectively, and 15 percent of all shelf space was given to moist cat and dog foods.

Increasing shelf space to accomodate a greater variety of products, however, is not totally void of problems, retailers have found. Out-of-stocks have become prevalent in both military and civilian stores. In addition, inventory is often narrowed and the quantity of distribution does not increase significantly, and sometimes even drops.

To retailers and manufacturers alike the pet food proliferation is somewhat of a mixed blessing. Whereas manufacturers in their desire to maintain or increase market shares are forced to spend millions of dollars to develop and launch new products, retailers eye the scene with some concern.

Their concern is most likely to continue, for the pet food explosion will go on as long as the market is not saturated. Given the good appetite of 41.3 million dogs and 23.1 million cats in 1975 alone, that saturation point will not be reached for a while.

Consumers Frugal, But Choosy

Meanwhile retailers can only hope that consumer preferences will weed out some of the space-filling, but not very lucrative products. The free choice of consumers is the important criterium in that process, Elmer Richards of Ralston-Purina said.

So far, however, consumer buying habits are not clear enough to allow retailers to eliminate more than just one flavor or package size. Instead, they have to scrutinize market shares, inventory and stock-turn levels, manufacturers' promotional activities and profits on inventory investments.

They also have to find out whether allocating new space for a new product or product variety generates more business in dollar and volume sales or whether the additional space and product just shifts sales from one product to another.

Price in itself is a poor guideline for allocating new space. While consumers overall have become more frugal and do show increased interest in big packaged dry food, they also want to show imagination and affection — both costly — in their cat and dog feeding.

A perfect example is the success of pet snacks which, just like candy for kids, have practically no nutrional value but give pet owners a chance to make the furry loved ones happy.

Nabisco's "Milkbone" alone had 51 percent of this $95 million snack market in 1978, but Purina's "Bonz," an unknown product about two years ago, has captured consumers' attention and will be followed by a new snack, "Roverolli."

International Menu

It might be of some consolation to retailers that their brethren-in-trade in other countries will suffer the same dilemma of choices.

Ralston-Purina already is supplying various European markets with its products and has a number of factories outside of the United States, Elmer Richards said.

For Quaker Oats, the international market is a very big opportunity. The company already is very strong in Europe and Australia, where Quaker products usually are sold under different names than those used in the United States.

Carnation manufactures and sells pet food in Europe as well as in less obvious areas such as Malaysia and Singapore. Like Quaker Oats, the company substitutes Stateside brand names for names like "Ami" (France), "Friskis" (West Germany) and "Go-Dog" and "Go-Cat" (Great Britain).

Fortunately, however, the international dimensions of the pet food proliferation have not manifested themselves yet in pet food imports — a fact that American pet owners, retailers and pet food manufacturers probably know to appreciate. MM

NOTE

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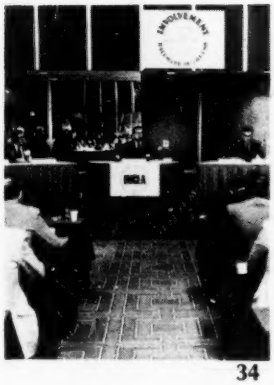

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Military Market INDEX

COMMISSARY SYSTEMS SALES[1] (x$1,000)

		FEBRUARY			YEAR-TO-DATE		
		CY '80	CY '79	% CHANGE	CY '80	CY '79	% CHANGE
Air Force	CONUS	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Overseas	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Total	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Army	CONUS	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Overseas	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Total	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Marines	CONUS	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Overseas	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Total	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Coast Guard	CONUS	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Overseas	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Total	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
All Commissaries[2]	CONUS	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Overseas	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Total	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Individual figures may not add to totals due to rounding.

[1]Sales include appropriate surcharges.

EXCHANGE SYSTEMS SALES[1] (x$1,000)

		FEBRUARY			YEAR-TO-DATE		
		CY '80	CY '79	% CHANGE	CY '80	CY '79	
Navy AAFES	CONUS	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Overseas	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Total[2]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Navy[3]	CONUS	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Overseas	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Total	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Marines	CONUS	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Overseas	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Total	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Coast Guard[4]	CONUS	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Overseas	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Total	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
All Exchanges	Overseas	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Total	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Individual figures may not add to totals due to rounding.

[1]Sales include concession volume.

[2]Includes catalog sales of $3,155,867 for February 1980 and $2,869,000 for February 1979.

[3]Does not include sales of ship stores.

[4]MM estimate based upon official data.

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Almanac Contains:
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ALMANAC AND DIRECTORY

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Military Market INDEX

COMMISSARY SYSTEMS SALES[1] (x$1,000)

		MARCH			YEAR-TO-DATE		
		CY '80	CY '79	CHANGE	CY '80	CY '79	CHANGE
Air Force	CONUS	112,519	120,250	-6.4	337,172	326,513	+3.3
	Overseas	23,385	22,881	+2.2	68,368	62,497	+9.4
	Total	135,904	143,131	-5.0	405,540	389,010	+4.2
Navy	CONUS	85,800	90,018	-4.7	254,072	240,475	+5.6
	Overseas	26,896	25,324	+2.3	76,856	71,748	+7.1
	Total	111,696	115,342	-3.2	330,928	312,223	+6.0
Coast Guard	CONUS	46,426	48,112	-5.6	135,096	130,377	+3.6
	Overseas	5,617	5,756	-2.4	16,185	15,481	+4.6
	Total	51,043	53,868	-5.2	151,293	145,858	+3.7
Army	CONUS	10,189	10,376	-1.7	27,895	26,679	+4.6
	Overseas	154	167	-7.8	429	456	-5.9
	Total	10,343	10,543	-1.8	28,324	27,132	+4.4
Marines	CONUS	461	492	-2.2	1,340	1,342	-0.2
	Overseas	129	135	-4.4	388	370	+4.9
	Total	610	627	-2.7	1,728	1,712	+0.9
All Commissaries	CONUS	254,424	269,248	-5.5	755,577	725,383	+4.2
	Overseas	55,181	54,263	+1.7	162,236	150,552	+7.8
	Total	309,605	323,511	-4.3	917,813	875,935	+4.8

Individual figures may not add to totals due to rounding.

Sales include appropriate surcharges.

EXCHANGE SYSTEMS SALES[1] (x$1,000)

		MARCH			YEAR-TO-DATE		
		CY '80	CY '79	CHANGE	CY '80	CY '79	CHANGE
AAFES	CONUS						
	Overseas						
	Total [2]						
Marines	CONUS						
	Overseas						
	Total						
All Exchanges	CONUS						
	Overseas						
	Total						
Navy [3]	CONUS						
	Overseas						
	Total						
Coast Guard [4]	CONUS						
	Overseas						
	Total						

Individual figures may not add to totals due to rounding.

Sales include cash and credit volume.

[illegible]

[illegible]

MM estimate based upon the [illegible]

Twenty-first annual statistical review of the military resale market.

THE MILITARY MARKET

COMPENSATION

THE RESALE SYSTEMS

THE POPULATION OF THE MILITARY COMMUNITY
(As of June, 1979)

RESERVISTS		
Reservists in Paid Status	797,919	7.2%
Spouses of Reservists	497,309	4.5%
Children of Reservists	588,659	5.3%
Total Reservists	**1,883,887**	**17.0%**
RETIREES		
Retired Military	1,301,484	11.8%
Spouses of Retired Military	1,212,012	10.9%
Other Dependents of Retirees	1,686,309	15.2%
Total Retirees	**4,199,805**	**37.9%**
ACTIVE DUTY		
Active Duty Military	2,062,229	18.6%
Spouses of Active Duty Military	1,128,348	10.2%
Other Dependents of Active Duty Military	1,803,125	16.3%
Total Active Duty	**4,993,702**	**45.1%**
GRAND TOTAL	**11,077,394**	**100.0%**

The resale systems' potential customer pool during 1979 was comprised of over 11 million people in the active duty, retired and reservist categories. By the end of last year there were more than 800,000 reservists, while women on active duty numbered almost 157,000, or close to eight percent of the active duty military forces.

RESERVE FORCES STRENGTH

ARMY NATIONAL GUARD	
Officers	35,807
Enlisted	313,354
Total	349,161
ARMY RESERVE	
Officers	35,361
Enlisted	155,798
Total	191,159
NAVAL RESERVE	
Officers	16,359
Enlisted	70,839
Total	87,198
MARINE CORPS RESERVE	
Officers	2,409
Enlisted	30,651
Total	33,060
AIR NATIONAL GUARD	
Officers	11,610
Enlisted	81,801
Total	93,411
AIR FORCE RESERVE	
Officers	12,900
Enlisted	43,971
Total	56,871
DEPARTMENT OF DEFENSE RESERVE FORCES (Total)	
Officers	114,446
Enlisted	[illegible],414
GRAND TOTAL	810,860

As of December 31, 1979.

WOMEN IN ACTIVE DUTY MILITARY SERVICE*

CATEGORY	CY 1979[1]	CY 1978[2]	CY 1977[3]	CY 1976[4]	CY 1975[5]
Officers	19,241	16,965	15,292	14,169	13,586
Enlisted and Officer Candidates	137,610	119,737	103,674	97,584	83,272
Total	156,851	136,702	118,966	111,753	96,858
Percent of Total DoD Active Duty Military Personnel	7.8%	6.7%	5.7%	5.4%	4.6%

*Does not include Coast Guard (1) As of December 31, 1979 (2) As of December 31, 1978 (3) As of September 30, 1977 (4) As of September 30, 1976 (5) As of June 30, 1975

Officers make up 13.6 percent of active duty military, enlisted personnel 85.7 percent, and cadets and midshipmen a fractional 0.7 percent of all active duty personnel.

ACTIVE DUTY MILITARY PERSONNEL BY RANK AND SERVICE AS OF SEPTEMBER 30, 1979

Rank	SERVICE						
	Army	Navy	Marine Corps	Air Force	Total DoD	Coast Guard*	Total All Services
Officers							
O-7 - O-10	420	261	66	360	1,107	28	1,135
O-6	4,427	3,645	591	5,148	13,811	330	14,141
O-5	11,089	7,560	1,511	12,598	32,758	616	33,374
O-4	16,025	11,960	2,705	18,101	48,791	894	49,685
O-3	26,328	17,520	4,746	37,180	85,774	1,399	87,173
O-2	13,087	9,592	4,452	9,456	36,587	944	37,531
O-1	12,988	8,908	2,965	13,291	38,152	697	38,849
Warrant Officers	13,017	2,938	1,193	1	17,149	1,438	18,587
Total Officers	97,381	62,384	18,229	96,135	274,129	6,346	280,475
Enlisted Personnel							
E-9	3,730	3,353	1,253	4,540	12,876	305	13,181
E-8	12,673	8,345	3,018	8,886	32,922	480	33,402
E-7	45,544	30,266	8,465	33,179	117,454	2,645	120,099
E-6	71,977	65,012	12,749	51,989	201,727	5,080	206,807
E-5	114,312	79,615	21,580	99,842	315,349	5,129	320,478
E-4	168,591	95,341	25,598	102,624	392,154	6,393	398,547
E-3	109,109	87,050	44,764	99,286	340,209	4,873	345,082
E-2	50,008	46,987	25,840	28,315	151,150	4,466	155,616
E-1	61,240	41,133	23,754	30,292	176,419	2,042	178,461
Total Enlisted	657,184	457,102	167,021	458,953	1,740,260	31,413	1,771,673
Cadets & Midshipmen	4,287	4,451	—	4,367	13,105	800	13,905
GRAND TOTAL	**758,852**	**523,937**	**185,250**	**559,455**	**2,027,494**	**38,559**	**2,066,053**

* The Coast Guard is part of the Department of Transportation. All other data is from the Department of Defense.

INCOME OF THE MILITARY COMMUNITY — FY 1980

Active Duty Military, Total	$43.1 Billion
Military Pay, Allowances, Benefits	38.0
"Moonlighting" and Working Wives Income	5.1
Retired Military, Total	$54.8 Billion
Pensions	12.0
2nd Career Jobs	16.6
Working Wives Income	5.9
Reservists in Paid Status, Total	$30.2 Billion
Reserve Training Pay	2.0
Employment Income	14.3
Working Wives Income	3.9
Total Income of the Commissary and Exchange World	$97.8 Billion

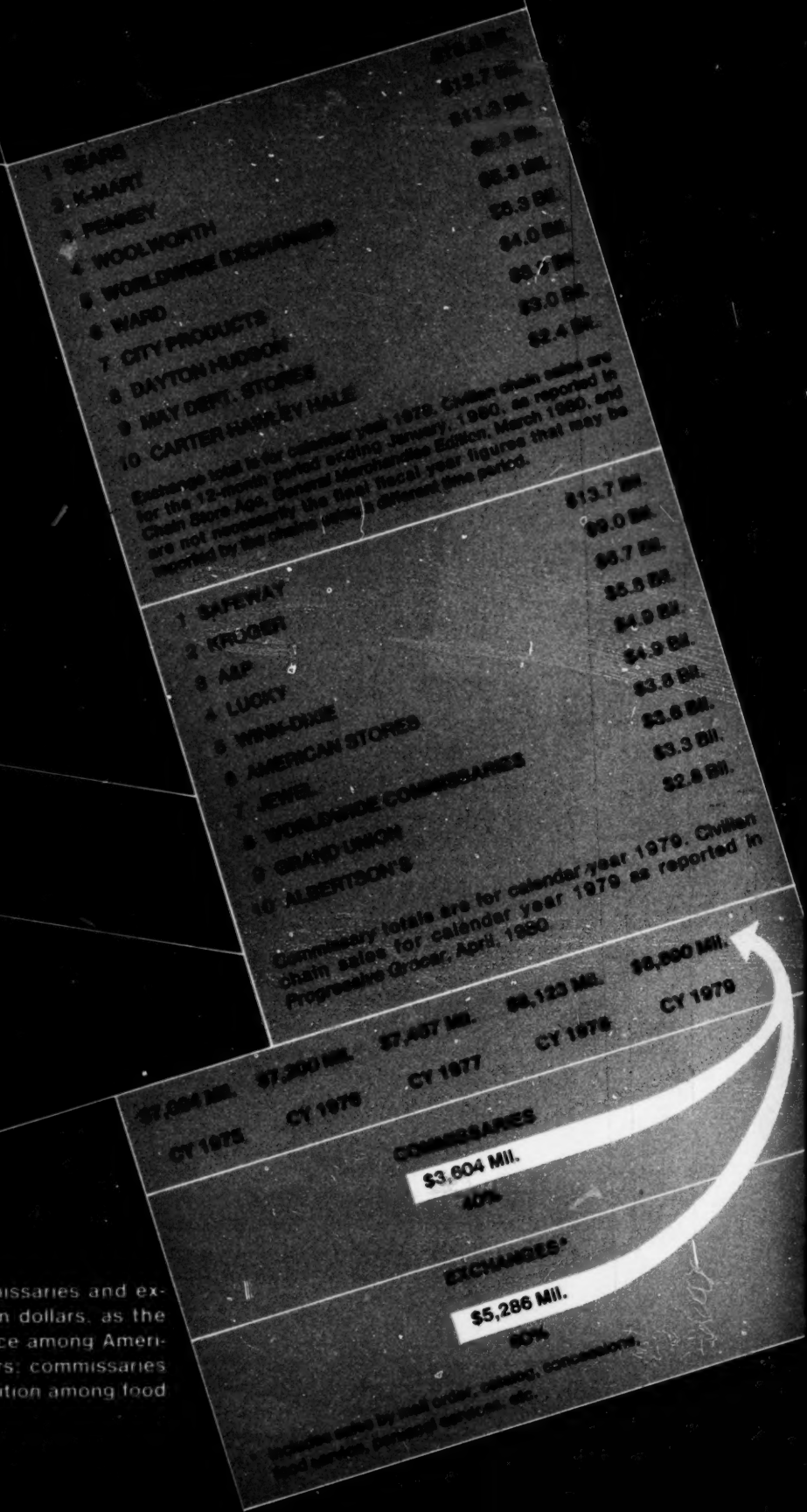
FY '76	FY '77	FY '78	FY '79	FY '80
$13,845	$14,368	$15,367	$16,594	$18,420*

FY 1980 ACTIVE DUTY MILITARY COMPENSATION

Average Military Compensation	$18,420*
Regular Military Compensation	
Basic Pay	$13,246
Basic Allowance for Quarters	10,205
Subsistence Allowance & Costs	1,283
Income Tax Advantage	1,035
Special Allowances	740
Special & Premium Pays	$299
Commissary Savings	$640
Exchange Savings	$256
Free & Reduced Cost Medical and Dental Care	$334
Retirement Credit for Current Year's Service	$774
Social Security (Government Contribution)	$2,332
* Annual rate, including value of military fringe benefits	$647

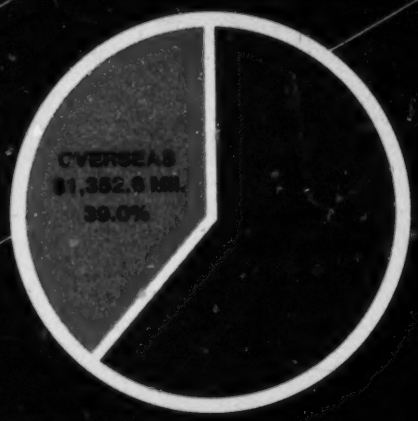
SOURCE: DoD Financial Budget for FY 1980

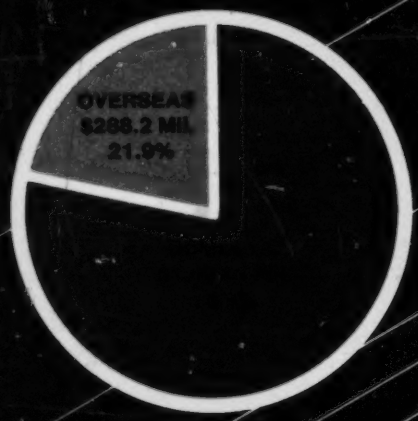
In 1979, the average annual compensation for active duty military topped $18,000 for the first time. All-sources income for the resale systems pool of potential customers is nudging $100 billion.

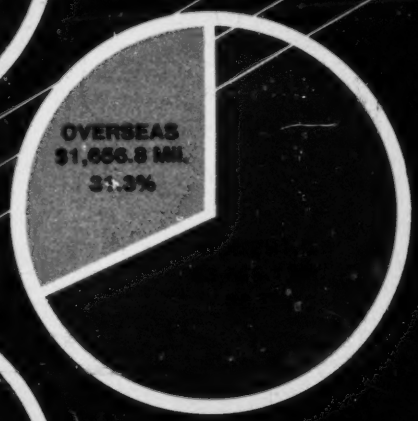


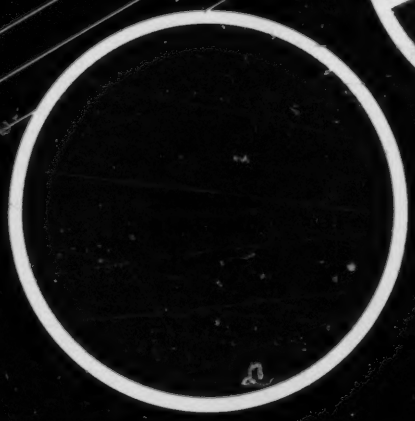
1979 combined sales for commissaries and exchanges approached nine billion dollars, as the exchange systems took fifth place among American general merchandise retailers; commissaries maintained their eighth-place position among food retailers.

Total exchange sales swept well past the five billion dollar mark by the end of 1979, as each service turned in record-breaking year-end statements.





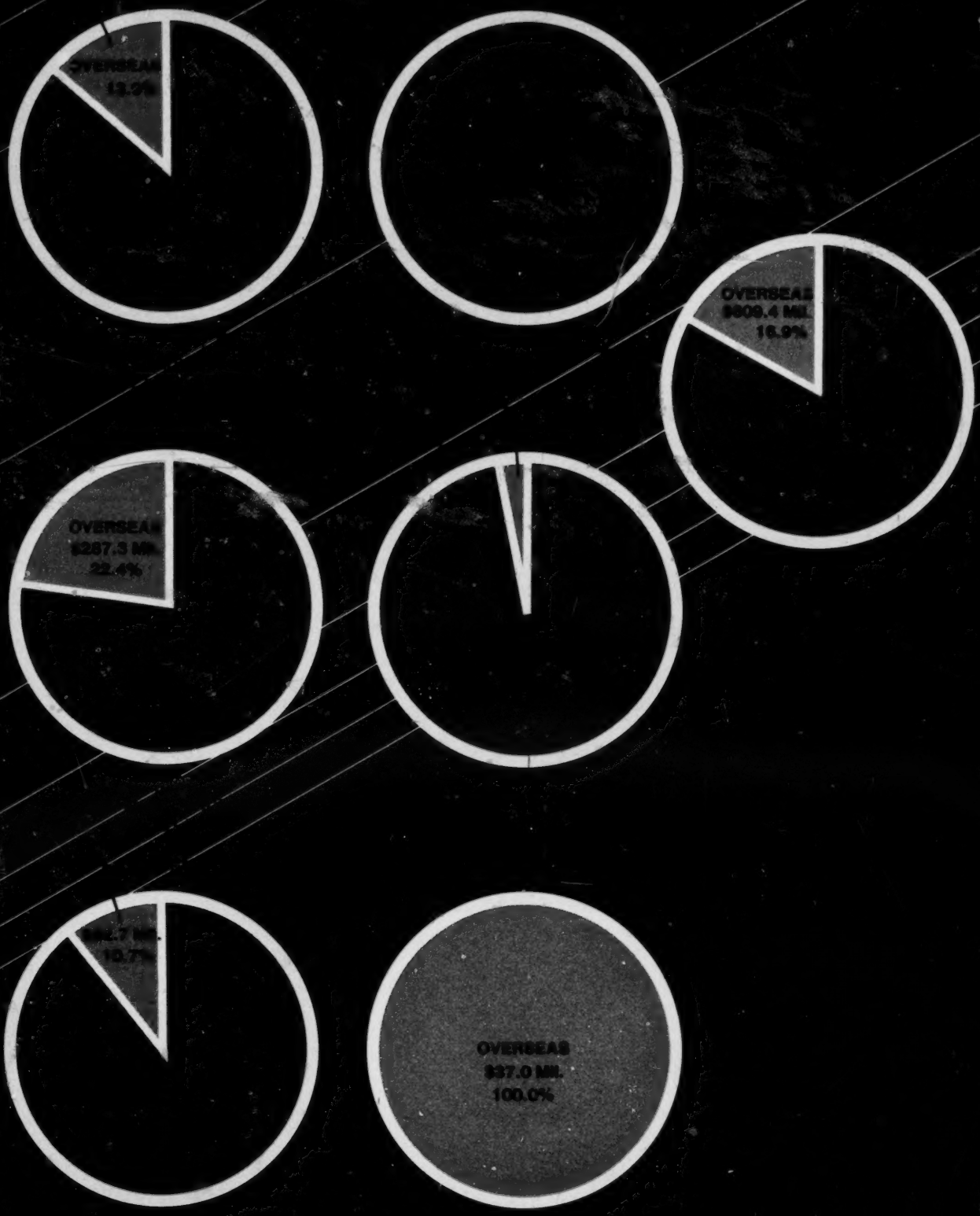




Overall, 68.7 percent of total exchange sales come from domestic outlets, while the remaining 31.3 percent of sales originate abroad.

Retail departments
accounted for
70.7 percent —
$3.7 billion —
of exchanges
$5.3 billion
total sales.

By the end of 1979, commissaries had taken a hefty jump toward the four billion dollar point.



The overwhelming majority of commissary sales — 83.1 percent, or $3.0 billion — come from domestic stores. Only 16.9 percent of sales originate in overseas outlets.

Here's a category-by-category breakdown of sales in commissaries during 1979.

The numbers prove what resale experts have long known — commissaries do "more with less" than civilian supermarkets.

COMPARATIVE OPERATING RATIOS — 1978
DOMESTIC COMMISSARIES VS. CIVILIAN SUPERMARKETS

(At cash register prices: No adjustments made for lower commissary price levels)

OPERATING RATIO	ARMY COMMISSARIES	AIR FORCE COMMISSARIES	NAVY COMMISSARIES	COMBINED 3 SERVICES	CIVILIAN SUPERMARKETS

Marine Corps Commissaries

Marine Commissaries:
Address:
Headquarters, Marine Corps
Installations & Logistics Dept. (LFS-1)
Washington, D.C. 20380
Telephone:
202-694-8616

The major goal of the Marine Corps commissary store system for the remainder of 1980 is to continue monitoring and evaluating the new West Coast Commissary Complex at MCAS, El Toro, Calif.

The complex was implemented in October 1979, and has progressed significantly, despite start-up problems that hindered the initial phase. Effective centralized management and distribution has been made possible through the use of an automated system for the five commissary stores located in California and Arizona.

Realignment of the Central Distribution Center warehouse is complete, and merchandise in the El Toro commissary store has been supplied by the system during the initial stages, with an in-stock rate in the mid 90 percent range and improving. The implementation date for central distribution service to MCB, Camp Pendleton and the San Onofre Annex is early June 1980, with the remainder of the stores to follow in July.

Both customer convenience and employee productivity continue to hold high priority within the Marine Corps commissary program. In the area of customer convenience, a number of exciting construction and facility improvement projects are in the works for FY81.

Bids have been received and contracts awarded for the construction of commissary stores at MCRD Parris Island, S.C., and MCAS Cherry Point, N.C. A new store at MCLB Albany, Ga. also has been designed and is scheduled for funding before the end of the year.

Both the main store and annex store improvement projects at MCB Camp Lejeune are 100 percent design complete. The estimated date of completion for these projects is March 1981.

Authority has been granted to proceed with preparations of plans and specifications for an improvement project at MCAS Kaneohe Bay, Hawaii, and the initial design phase for a new store at MCAS Iwakuni, Japan. The Marine Corps is confident that these capital asset, improvement and construction projects will enhance customer service.

The attached table represents commissary store sales data for fiscal year 1979 and a projected outlook for FY80. FY80 sales figures for the first quarter have been determined and an estimate of second quarter data is provided.

	Cost of Sales	Retail Sales
Fiscal Year 1979		
ConUS	$91,440,817	$96,482,164
Oseas	9,454,989	9,994,720
Total	100,895,806	106,476,884
Fiscal Year 1980 Projected		
ConUS	101,540,822	107,619,496
Oseas	9,859,178	10,380,504
Total	111,400,000	118,000,000
Fiscal Year 1980 1st Quarter (Final)		
ConUS	23,666,899	25,104,541
Oseas	2,440,852	2,584,826
Fiscal Year 1980 2d Quarter (Estimate)		
ConUS	24,435,337	27,335,894
Oseas	2,435,286	2,579,914

(Oseas figures include MCAS Kaneohe Bay, Hawaii, and MCAS Iwakuni, Japan.)

Veterans Canteen Service

VA Canteen:
Address:
Veterans Canteen Service
941 N. Capitol St.
Washington, D.C. 20421
Telephone:
202-275-1800

The Veterans Canteen Service is by statute an independent, self-supporting organization, financed by revenues generated from sales. It operates 174 retail stores and provides food and other service activities at each VA medical center for the comfort and well-being of the patients and members.

Canteen retail stores offer patients a wide selection of products for their convenience, entertainment, recreation, hygiene, grooming and leisure time use.

Food service facilities provide a convenient source for regular meals and refreshment snacks for patients' families, employees and volunteers.

Final sales for FY 1979 totaled $135,507,411, which has been utilized in FY 1980 to help offset increased salary costs, the impact of inflation on inventories and planned canteen improvements.

In the first six months of 1980, VCS sales show an increase of 9.14 percent over 1979.

Retail prices are generally maintained uniformly throughout all VA canteens. This policy results in some smaller canteens operating at a net loss, which is offset at larger, more profitable facilities. VCS is thus able to maintain an overall self-supporting program while providing a uniform level of merchandise and services to all hospitalized veterans.

Thus far in 1980, the VCS has embarked on several new projects and continues to make progress on the ones mentioned in MILITARY MARKET's January 1980 Outlook section.

Renovations and remodelings of canteen facilities continued during FY 1980, the most recent being the largest and most modern VCS retail store in Long Beach, Ca. In addition to providing necessary space for new equipment, merchandise and services, the remodeled areas have improved canteen accessibility for wheelchair and spinal cord injury patients through the removal of architectural barriers.

Retail shortages were reduced during FY 1979, but remain a big concern to the VCS. A test of an article production system is being initiated with hopes of further reduction of losses.

NOTE

ONLY THE FOLLOWING PAGES OF THIS PUBLICATION

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Military Market

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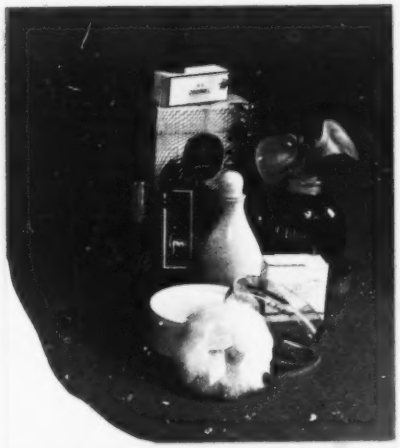

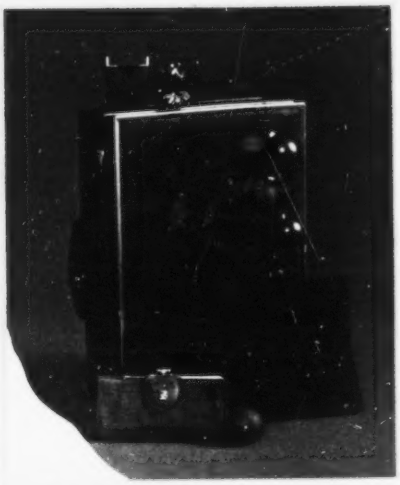

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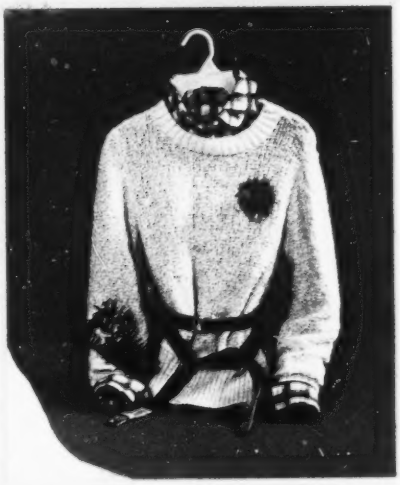

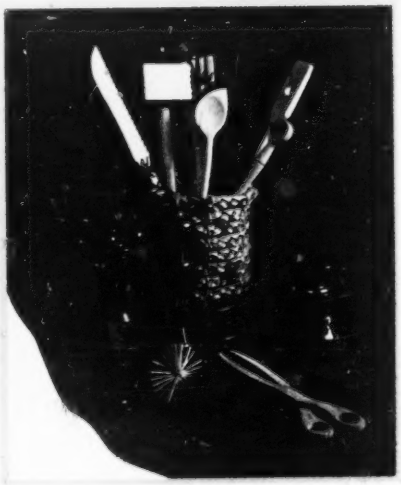

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Military Market
MAGAZINE FOR THE MILITARY RETAIL SYSTEM
ARMY TIMES PUBLISHING COMPANY
AUGUST 1980
VOLUME 31, NO. 8

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LEISURE FOODS AREN'T LAZY
No recession in sight as the munch bunch keeps crunchin' candy, gum, nuts and snacks. **Page 30**

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Photography by Joe Matera
Art by Garnett Sullivan

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Military Market INDEX

COMMISSARIES

		APRIL			YEAR-TO-DATE		
		CY'80	CY'79	% CHANGE	CY'80	CY'79	% CHANGE
AIR FORCE	CONUS	$117,366	$101,267	+15.9	$454,538	$427,780	+6.3
	OVERSEAS	24,060	19,327	+24.5	92,428	81,824	+13.0
	TOTAL	141,426	120,594	+17.3	546,966	509,604	+7.3
ARMY	CONUS	87,464	73,632	+18.8	341,536	314,107	+8.7
	OVERSEAS	27,456	24,544	+11.9	104,312	96,292	+8.3
	TOTAL	114,920	98,176	+17.1	445,848	410,399	+8.6
NAVY	CONUS	45,127	39,982	+12.9	180,225	170,359	+5.8
	OVERSEAS	5,580	4,598	+21.4	21,776	20,079	+8.4
	TOTAL	50,707	44,580	+13.7	202,001	190,438	+6.1
MARINES	CONUS	9,422	8,174	+15.3	37,317	34,850	+7.1
	OVERSEAS	149	141	+5.7	578	596	-3.0
	TOTAL	9,571	8,315	+15.1	37,895	35,446	+6.9
COAST GUARD	CONUS	402	406	-1.0	1,742	1,748	-0.3
	OVERSEAS	151	86	+75.6	539	457	+17.9
	TOTAL	553	492	+12.4	2,281	2,205	+3.4
ALL COMMISSARIES	CONUS	259,781	223,461	+16.2	1,015,358	948,844	+7.0
	OVERSEAS	57,396	48,696	+17.9	219,633	199,248	+10.2
	TOTAL	$317,177	$272,157	+16.5	$1,234,991	$1,148,092	+7.6
GROCERY STORES	U.S.	$16,734[3]bil.	$14,854[3]bil.	+12.7	$66,347[3]bil.	$59,451[3]bil.	+11.6

EXCHANGES

AAFES	CONUS	$185,192	$160,066	+15.7	$657,272	$587,698	+11.8
	OVERSEAS	134,400	117,452	+14.4	505,662	448,221	+12.8
	TOTAL	319,592	277,518	+15.2	1,162,934	1,035,919	+12.3
NAVY	CONUS	82,553[1]	69,637[1]	+18.6	286,412[1]	252,082[1]	+13.6
	OVERSEAS	31,947[1]	28,793[1]	+11.0	115,641[1]	108,138[1]	+6.9
	TOTAL	114,501[1]	98,430[1]	+16.3	402,053[1]	360,220[1]	+11.6
MARINES	CONUS	22,146	20,113	+10.1	82,900	76,296	+8.7
	OVERSEAS	3,528	3,131	+12.7	13,066	11,489	+13.7
	TOTAL	25,674	23,244	+10.4	94,966	87,785	+8.2
COAST GUARD	CONUS	4,452[2]	4,778[2]	-6.8	17,256[2]	17,445[2]	-1.1
	OVERSEAS	562[2]	603[2]	-6.8	2,176[2]	2,201[2]	-1.1
	TOTAL	5,014[2]	5,381[2]	-6.8	19,432[2]	19,646[2]	-1.1
ALL EXCHANGES	CONUS	294,343	254,594	+15.6	1,043,840	933,521	+11.8
	OVERSEAS	170,437	149,979	+13.6	636,545	570,049	+11.7
	TOTAL	$464,781	$404,573	+14.9	$1,679,385	$1,503,570	+11.7
DEPARTMENT STORES	U.S.	$6,956[3]bil.	$6,708[3]bil.	+3.7	$24,785[3]bil.	$22,925[3]bil.	+8.1

Individual figures may not add to totals, due to rounding. All sales are expressed in millions (add 000), except for grocery stores and department stores, which are in billions. Commissary sales include appropriate surcharges, and exchange sales include concession volume and mail order sales.

[1] Does not include sales of ship stores.

[2] MM estimate, based upon official data.

[3] Source: U.S. Department of Commerce.

Beverage Barons Keep Market Fluid

By Donna J. O'Neal

First Colony has a line of 15 flavored teas, all of which have an orange pekoe tea leaf base. Flavors include: mint, orange and spice, cinnamon and spice, ginger, wild cherry, apple, strawberry and almond.

The beverage market remains lively, with prices as fluid as the items themselves. One thing's for sure, though. People keep right on drinking. So beverage companies make concerted efforts to capture a share of coffee, tea and cocoa sales.

COFFEE PRICES ARE GOING DOWN.

But a new factor in the market may force prices right back up again. In short, the coffee situation continues to be fluid.

The volatile nature of prices has been the big news in the coffee business for the last five years.

While new products are on the horizon, consumption patterns are on a gentle upward incline and crops have fared well, price remains the leading issue in the business.

And now there is a major trading group — a "coffee OPEC" — that wants to make sure that coffee bean prices don't become a secondary issue.

The group — Pan Cafe, S.A. — is made up of businessmen from several major coffee-producing nations and supported by the governments of those countries. In typical OPEC style, the group has managed to prop up once wildly swinging green coffee bean prices. The result has been that supply and demand can't be counted on to dictate the price of the commodity. Pan Cafe, S.A., is hoping to do that.

"This group makes a lot of roasters unhappy because they find it difficult to take advantage of price valleys that generally occur in an unpropped-up market," an industry spokesman told MILITARY MARKET. "But they are protecting themselves just as farmers protect themselves in this country. This is the only way they have been able to get the price supports they feel they need," he said.

For the time being, however, some wholesale prices are going down.

For example, in early July several companies announced price reductions for both ground and instant coffee products. Procter and Gamble announced a wholesale price decrease of 15 cents per pound on vacuum-packed Folgers and two cents per ounce on Instant Folgers. And the wholesale price of Folger's Flaked coffee was lowered 12 cents for the 13-ounce jar. The company's new High Point decaffinated coffee was unaffected.

The price reductions extended to retailers were the result of a drop in the prices of green coffee beans. Thus it was passed along.

General Food's Maxwell House coffee products were reduced 15¢ per pound for ground and 2¢ an ounce for instant, as were P&G's. Other companies made the same move.

This most recent price decrease basically neutralized price hikes that were incorporated in late May and early June by various coffee processors. "We still are riding the wave of the coffee commodity market," one coffee processor's spokesman told MILITARY MARKET. The price is virtually impossible to predict."

The spokesman added that even though Pan Cafe's efforts have been to keep prices up, "There still is a difference between what they would like to do and what actually is happening."

The Defense Personnel Support Center's costs for coffee had reflected the upward trend in the market that occurred this spring. On the 8th of May the center pur-

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Coffee Sales By Type

Market Share by Form	1976	1977	1978	1979
Regular	70.7%	64.6%	67.5%	66.4%
Soluble	29.3%	35.4%	32.5%	33.6%
Decaffeinated	13.5%	13.8%	12.2%	14.4%
Mixtures	0.7%	1.7%	2.9%	2.1%

Source: International Coffee Organization

COFFEE PER CAPITA CONSUMPTION

	Cups per person per day			Change as a percentage	
	1975	1978	1979	1975-1979	1978-1979
10-19	0.33	0.22	0.18	-45	-18
20-29	1.75	1.49	1.36	-22	-9
30-59	3.32	2.93	3.24	-2	+11
60+	2.60	2.47	2.36	-9	-4

This table shows that since 1975 the most significant decrease in consumption has occurred in the group aged 10-19 years, followed by the group aged 20-29 years. This chart also reflects a change in polling style, occurring in 1976, from personal to telephone interviews.

Source: International Coffee Organization

chased the two-pound cans of coffee at $2.50 per pound, three-pound cans for $2.46 a pound and the 20-pound can for $2.42 a pound. By June 13, these prices had risen to $2.57 for the two-pound can, $2.55 for the three-pound can and $2.51 for the 20-pound containers. Prices for these items probably will be down again by the time this article is read.

Are such price changes significant for the Center, which supplies Troop Issue coffee for the entire military? You bet. The center purchases 600,000 pounds of coffee a month. A penny increase on a pound of coffee, thus, translates into a cost change of $6000. The eight-cent average price increase from May to June 1980 that occurred meant that the center had to dole out an additional $48,000 for the one-month's purchase, as compared to the previous month.

So while Pan Cafe is not yet OPEC, its existence is a thorn in the side of such major buying centers as DPSC. It's probably here to stay because of the government support offered by many of the countries involved, along with a huge cache of cash the organization has at its disposal.

Sipping Stops Slipping

Even though supply and demand have become secondary factors to traders because of price manipulation, these issues remain important to retailers. At this time, supplies are good and demand is up.

The most recent National Coffee Drinking Survey, conducted by the International Coffee Organization in 1979, shows that per capita consumption increased to 2.06 cups per day per American over 10 years of age. In 1978, that figure was 1.97 cups per day. In 1977, "a disastrous year," according to a National Coffee Association spokesman, the per capita consumption level was a mere 1.94 cups per person a day.

While lots of factors are behind this per capita consumption increase, company competition stands out as the big one.

General Foods Co. and Procter & Gamble have made major advertising and promotion investments to back their various coffee lines over the last couple of years. Along the way, P&G's Folger's surpassed General Food's Maxwell House, as the overall coffee market leader. By the end of 1978, Folger's had garnered a 27 percent market share, compared with 23 percent for Maxwell House.

One reason for P&G's surge was the expansion of Folger's vacuum-packed coffee into the Northeast section of the country — an area that General Foods' Maxwell House traditionally had dominated. The economical Folger's Flaked coffee also was expanded to additional market areas, with the result that the company began to lead the $4 billion national market.

General Foods' coffee sales totaled $2.1 billion in 1978, led by the Maxwell House line. The various brands of the company accounted for about 33 percent of the market, and the regular coffee items lined up like this: Maxwell House 22.3% share;

(Continued On Page 16)

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Sanka, 2%; Yuban, 2%; Max-Pax & Brim, 3.5%, and Mellow Roast 1.8%.

In the instant market, in 1978, Maxwell House had a 24% share; Sanka, 10%; Maxim, 4%; Yuban, 1.3%; freeze-dried Sanka, 2.5%; Brim, 3% and Mellow Roast, 3.5%.

Both P&G and General Foods have introduced an economy line of coffee, which is supposed to offer more coffee per scoop. Hills Brothers has a smiliar entry, High Yield, now being tested in three different grinds, the most popular of which is an all-purpose grind. General Foods also is testing an economy line in three grinds. P&G meanwhile continues to back its Folger's Flaked coffee.

Freeze-dried coffee also has gained popularity with the public. The leading brand, Nestle's Taster's Choice, is outselling the next leading brand by a two-to-one margin, according to an *Advertising Age* report. To keep Taster's choice the buyer's choice, Nestle introduced single-serving packets of the coffee, so that customers of prepared food outlets can sip the brew.

Hot Ch'a

Ch'a is what the Canton Chinese termed the fragrant potent substance we call tea. Tea drinking experienced a surge in the mid seventies as coffee prices soared. Now that consumption has flattened out, producers are relying on such items as flavored teas to keep consumption levels high.

Last year, the fastest growing size of tea bag packs was the 15-count size, perhaps indicating that shoppers like to buy small quantities of tea to have on hand — but not enough to become stale. Retailers shouldn't miss out on the opportunity to capture the occasional tea-sipper by putting all the emphasis on the large-count boxes.

Another business that appears here to stay is the exotic herb tea market. Such firms as Celestial Seasonings have been quite successful with their lines of teas, which are available in a myriad of different herbal mixtures. So far Red Zinger has proven most popular, according to a company spokesman. But others such as peppermint, chamomile and rose hips, also have strong followings.

Many mass merchandisers are combining tea accessory items with fancy teas to produce increased sales. Some food stores also tie-in gourmet type teas with tea biscuits to excite interest.

As for cocoa, retailers continue to stock the rich tasting solution — concentrating on the cold weather months as the most important seasons. The introduction several years ago of a number of packet-packaged cocoas started a trend of people taking these to work or school, with the effect that consumption levels have been fairly stable.

Tea and cocoa prices have also been stable, contrasting sharply with the rapid rising and falling of coffee prices. But tea and cocoa probably demand more marketing attention to remain competitive with the large number of juices, drinks, soft drinks and beverages that consumers may chose from in order to quench their daily thirsts.

GROCERY STORE TEA SALES (Pounds of Leaf Tea)

	Iced Tea Mix	Instant Tea	Teabags	Loose Tea	Total
1979	25.87	39.58	79.62	8.93	154.00
1978	25.68	41.23	78.13	9.76	155.00
1977	23.53	44.20	79.82	11.45	159.00
1976	18.98	43.22	74.46	9.34	146.00
1975	20.82	41.28	69.50	8.90	140.50
1969	6.40	31.50	59.10	15.70	112.70
1950	—	.42	27.58	41.40	69.70

As measured by the A.C. Nielsen Co., estimated grocery store tea sales in 1979 showed 121% gain over 1950, the first year of the Tea Council campaign. The above figures show the sales trends over the years in iced tea mix, instant teabags and loose tea, expressed in millions of pounds of tea leaf.
Source: Tea Council of the U.S.A., Inc.

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Military Market

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Military Market
MAGAZINE FOR THE MILITARY RETAIL SYSTEM
ARMY TIMES PUBLISHING COMPANY
SEPTEMBER 1980
VOLUME 31, No. 9

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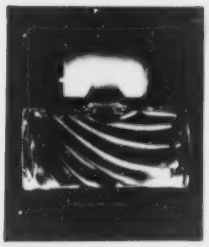
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About the cover . . .
Ship's Store, Newport, R.I.
Circa 1925
Design by Miriam MacPherson
All merchandise on last month's cover was supplied by AAFES exchange at Cameron Station, Va.

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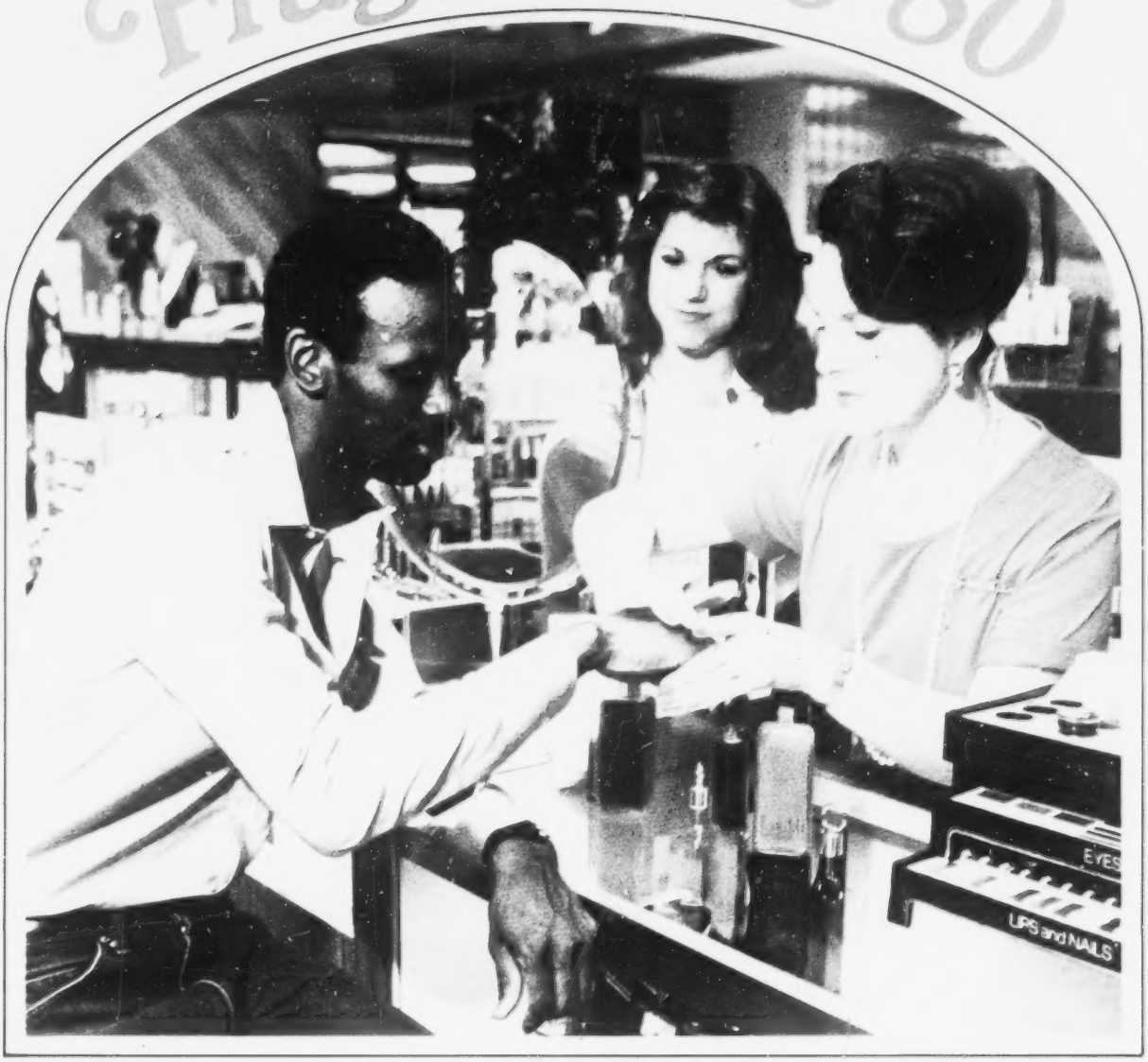
Fragrances '80



By Donna J. O'Neal

Giving special assistance to customers can help boost fragrance sales, especially when its a wary male customer at the cosmetics' fragrance counter. Here, exchange supervisor, Rita Anderson (right), helps Bill Allen try out a Lagerfeld product. Arden representative Kim Blake looks on. Allen also works at the Bethesda Naval Medical Center exchange, where this picture was taken.

Fragrances '80

POSTIVELY SCENT -illating.

That's the outlook for the fragrance market in the coming year. Although modest growth is expected throughout the industry, manufacturers continue to spark the area with new products and promotions.

And they will continue to scramble for customers. Fragrances offer elusive benefits: style, presence, magnetism. The stuff that dreams are made of. And the stuff often slashed from a beleaguered budget.

Since the benefits are so intangible, manufacturers must carefully massage the masses' psyches to keep customers coming to the fragrance counter. But the companies do have one factor in their favor. Scents pack a potent punch in the psyche.

So marketers simply must appeal to the same subtle emotions that fragrant odors lift and brighten. Of course with so many psyches to reach, companies must decide what target market they want to capture. But once that is decided, most companies go for their population segment with fervor as well as verve.

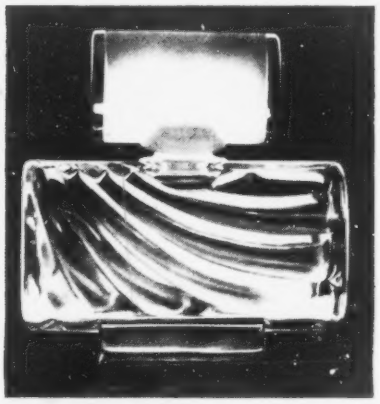
Despite the fact that there are millions of customers to reach, however, fragrance marketers find that a relatively small handfull of scents appeal to a large number of consumers.

According to cosmetics consultant/researcher, Suzanne Grayson, just seven women's fragrance brands account for about 38 percent of the entire women's fragrance business.

In addition, those who have found the key to success appear to have found a skeleton key that fits many people's hearts. About 90 percent of all fragrance business is racked up by only eight leading companies, Grayson said.

Because the fragrance industry is closely held, however, she declined to name the leading companies or fragrances.

Grayson made these comments last September in a New York Fragrance Seminar/Workshop that she conducts yearly. During the seminar, she also told attendees that companies need better marketing strategies to deal with changing consumer demographics and to keep from boring prospective customers.



AT right: Revlon's Scoundrel bottle.

WOMEN can reach out with gestures when wearing Chanel No. 19, according to the company. Promotions for "The Outspoken Chanel" exemplify many companies' attemps to attract today's uninhibited woman.

Grayson said one change in the women's area is the market share slippage of scents that are touted as "romantic." In 1970, she said, romantic scents accounted for 46 percent of all sales. By 1979 that figure had slipped to about 35 percent. In the interim, designer/celebrity-backed scents and those that are "new lifestyle" oriented began to sniff their way into customer's hearts.

The "new lifestyle" oriented fragrances are those that promote a free, independent or superwoman image, in order to attract women who fancy themselves as breaking away from traditional roles.

Another change in fragrance retailing is the gradual graying of America. According to the Census Bureau, in this decade the 35-44 age group of America will increase by 42 percent as the baby boom generation becomes middle aged. At the same time the teenage group will decline by 19 percent and the 18-24 age group will decline by 15 percent.

Fragrance marketers eye these statistical changes with some dismay for a couple of reasons. The teenage group (particularly teenage girls) always have constituted a resource pool of new cosmetics users for companies. The 18-24 age group is known to consume cosmetics heavily, as they enter the work force and begin taking the courtship ritual more seriously.

An increase in the 35-44 age group also foretells possible flat cosmetics industry growth, because these people — currently 24-35 — already use more cosmetics than anyone else. And within ten years, their brand preferences and tastes probably will be solidified.

The military market, perenially young, stacks up a little better, however.

The Army and Air Force Exchange Service reports that the 18-24 age group now makes up 24 percent of its customer population and will remain stable at that figure. In fact, so young is the military customer that the 5-24 age group comprises 50 percent of all AAFES customers.

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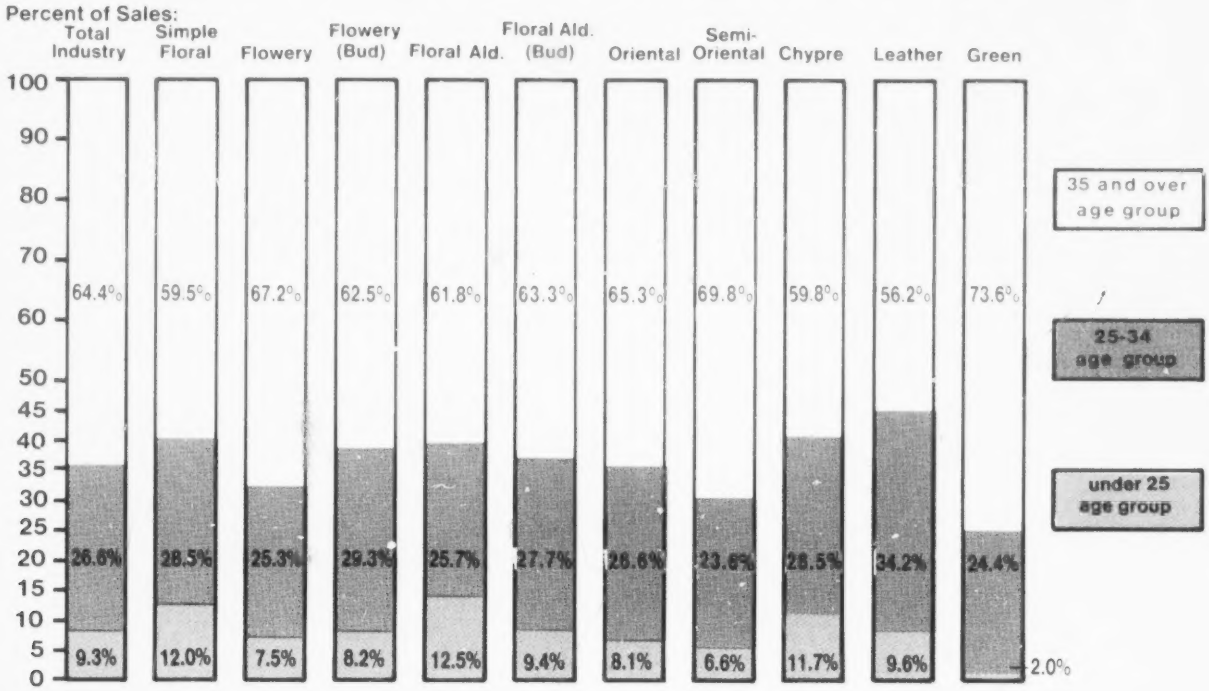
WOMEN's FRAGRANCE EXPENDITURES BY TYPE AND AGE



Market Share:

100%	10.2%	18.9%	8.3%	16.4%	4.6%	15.7%	10.6%	11.4%	1.3%	2.6%

Source: W. J. Fitzgerald, Incorporated

This chart shows fragrance purchase patterns by age group and type of scent. For example, of the total women's fragrance industry, the 25-34 age group purchases 26.6 percent of all fragrances. And they buy 28.5 percent of all fragrances in the simply floral type family. The 35-and-above age group, meanwhile, buys 73.6 percent of all green fragrances.

The chart also shows how each floral family stacks up as far as market share is concerned. Flowery fragrances lead the group with an 18.9 percent share of total women's fragrance sales. Leather scents, conversely, are the least popular fragrance type, accounting for only 1.3 percent of all women's fragrance sales.

To the right is an abbreviated list of popular fragrance products falling under each category. The list was compiled by Firmenich, a research firm headquartered in New Jersey.

SIMPLE FLORAL

A Rose is a Rose - Houbigant
Chloe - Lagerfeld
Jontue - Revlon
Lily of the Valley - Jovan
Hyacinth - Coty

FLOWERY

L'Air Du Temps - Ricci
Wind Song - Matchabelli
Le De - Givenchy
Moon Drops - Revlon
Blue Grass - Arden
My Sin - Lanvin
Joy - Patou
White Shoulders - Evyan
Zen - Shiseido
Smitty - Coty Woman - Jovan

FLOWERY (BUD)

Fidji - Laroche
Norell - Norell
Gucci - Gucci
Cardin - Cardin
Blazer - Klein
Cerissa - Revlon
Halston - Halston
Maxi - Factor
Stephen B - Burrows

FLOWERY - ALDEHYDIC

Chanel 5 - Chanel
Charlie - Revlon
L'Aimant - Coty
L'Interdit - Givenchy
Arpege - Lanvin
Audace - Rochas
Babe - Faberge
Cabriole - Arden
Y - St Laurent
Dior-Dior - Dior

FLOWERY - ALDEHYDIC (BUD)

Masumi - Coty
Chanel 19 - Chanel
Rive Gauche - St Laurent
Aviance - Matchabelli
Cie - Shulton
Je Suis - Yardley

GREEN

Vert Vert - Balmain
Abage - Lauder
Private Collection - Lauder
Eau de Love - Menley & James

CHYPRE

J'ai Osé - Laroche
Aphrodisia - Faberge
Diorling - Dior
Intimate - Revlon
Givenchy III - Givenchy
Memoire Cherie - Arden
Cachet - Matchabelli
Aquarius - Factor

CHYPRE (BUD)

Diorella - Dior
Fleurs Fraiches - Worth
Cristalle - Chanel

LEATHER

Azuree - Lauder
Geminesse - Factor
Red - Beene
Imprevu - Coty
Scandal - Lanvin

SEMI-ORIENTAL

Canoe - Dana
Heaven Sent - Rubinstein
Ambush - Dana
Youth Dew - Lauder
Ultima - Revlon
Opium - St Laurent

ORIENTAL

Emeraude - Coty
Shalimar - Guerlain
Tigress - Faberge
Charles of the Ritz - Ritz
Toujours Moi - Corday
Tabu - Dana
Ciara - Revlon
Musk Oil - Dana

Fragrances '80

(Continued From Page 30)

The 24-35 age group, on the other hand, is smaller in the AAFES market than in the civilian retail arena. AAFES also notes that although the 35-44 age group nationally is the fastest growing civilian population segment, it will not grow significantly in the military market.

So while civilian retailers adjust their merchandising strategies and manufacturers begin to appeal to the mature customer, military marketers will continue a youth oriented marketing push.

The bottom line: "Customers will continue to buy these items at a healthy pace in military stores, first because of low price points and second because they, as all young people, develop a blossoming interest in the items during their young adult years," a military sales rep told MILITARY MARKET.

Superwoman Scents

Does it really matter to fragrance marketers what consumers think of themselves and the world? You bet.

When femininity was the most admirable trait a woman could exhibit — not too long ago — marketers simply appealed to women by suggesting that with their products "boy meets girl and girl gets boy."

But take a look at some recent and upcoming campaigns. One advertising agency, Advertising To Women, took a number of well-established fragrances and breathed new life into them, using updated campaigns.

According to an *Advertising Age* report, the moderately feminist agency increased **Jean Nate** sales 50 percent last year with a "take charge of your life" campaign. The TV ads showed a woman vigorously applying the after-bath splash, then jockeying a horse in a fast-paced race. The item is a leading fragrance now, according to the report, because ads got younger women interested in the old favorite.

Two other memorable ad themes ATW used were for **Enjoli** and **Aviance.** For Enjoli, the modern woman is bringing home the bacon, frying it up in a pan and never letting her mate forget he's a man. In the Aviance ad, a harried housewife becomes a sultry seductress in preparation for an Aviance night. Both fragrances have become fast-sellers.

In a **Rive Gauche** ad, ATW took a less "superwoman oriented" tack. A woman speeds to a beach in a sports car to watch a sunrise alone. Happy in her independence, she's, "having too much fun to marry."

The **Charles of the Ritz Co.**, makers of Enjoli, are fairly confident that the superwoman appeal is as successful as ads for the independent single. According to a company spokesman, 26 percent of all women using fragrances are working mothers, and an appeal to these workhorses will probably be successful. In 1978, when the ad campaign for Enjoli broke, store shelves cleared rapidly for the fragrance, leaving widespread demand for the Christmas buying season.

Chesebrough-Pond's Prince Matchabelli division agrees with the Charles of the Ritz assessment. The new Prince Matchabelli fragrance that bowed last year, **Chimère**, used a similar superwoman tack. The Chimère woman is discreet and elegant from afar — impeccable, professional — a cool decision maker. But up close she's something else. Warm, giving, loving. A superwoman.

As part of the campaign that won the company awards from the Fragrance Foundation, Prince Matchabelli found 21 Chimère women, last year nationwide. In Dallas, alone, they found three. A vice president at an insurance company, a commercial loan analyst and a personnel director. Each had 10-12 hour work days, plus other demanding interests after work. Newspaper articles in some cities, such as Dallas, proclaimed these Chimère women as women of the 80s.

The Fragrance Foundation recently awarded Chimère the most successful woman's fragrance introduction in 1979. And it won an award for having the best national advertising campaign for a

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Canoe.
The man's cologne from Dana.

Wear it.
She'll get the message.

Robert Hale & Associates, CONUS

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woman's fragrance.

So enter 1980. This month a handful of new products will hit retailers' shelves. September is the traditional time when fragrances roll out, in preparation for Christmas sales. And this year is no different.

Revlon is introducing its first new women's fragrance in half a decade. It's called **Scoundrel.** And whom will it attract? Scoundrel, as she is called, "with a sense of affection," is the spirit of Queen Elizabeth I of England, Sarah Bernhardt, Josephine Baker and Auntie Mame, all rolled up into one.

There are men in her life, but they don't own her. She's urban, even in the country. She has spine, dazzle. Married or un-, mother or not, career woman or no, she's not laid back, not a spectator, procrastinator or play-it-safer, according to promotional materials.

Scoundrel will begin hitting exchange shelves this month. Since Revlon now has the number one **(Charlie)** and number two **(Jontue)** scents already, it expects this to be "a major new disturbance."

Coty also is bowing a new perfume this month. The fragrance, **Sophia,** is inspired by Sophia Loren, who helped create the floral bouquet and oriental scent. The new scent, the company says, "suggests charm, sensuality and elegance."

A Coty spokesman notes that **Emeraude,** its number one seller, is being positioned for the active, involved and sensuous woman.

Scent-sing Men's Moods

In the men's market some new positioning and posturing also is taking place. Prince Matchabelli, long a successful women's perfumer, is bowing a new line for men in September — Matchabelli. According to Carl Ward, director-Special Markets at the company, $4.5 million will be spent in the next three months to publicize the new scent. Much of the advertising will be in women's magazines, because "women purchase 75 percent of men's fragrances," Ward told MILITARY MARKET.

But what is Matchabelli all about? Well, the Matchabelli man

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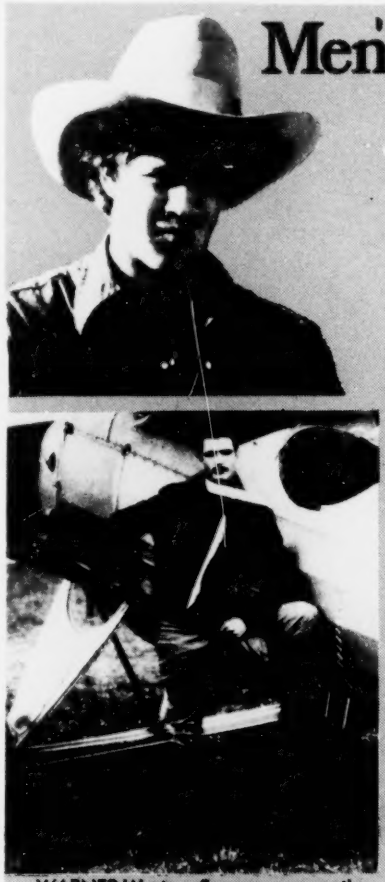
Men's Fragrances



WARNER Western Fragrances uses the cowboy, in his legendary hat, to project the casual air of the fragrance line, Chaps. Prince Matchabelli, in contrast, is promoting its new fragrance, Matchabelli, by projecting the image of classic elegance.

FRAGRANCE MANUFACTURERS wish that more men were like Bill Allen, the young floor supervisor at the Bethesda Naval Hospital Center Exchange mini-market in Bethesda, Md., who thinks fragrances make him sexy and attractive.

"My brother started me using colognes and scented aftershaves," Allen told MILITARY MARKET. "I was interested in sports as a teenager, but my brother wanted me to be more interested in girls. Wear colognes, he told me."

Now Allen varies the fragrances he wears according to his mood. For that reason, he owns a wardrobe of scents.

Most men don't however. And fragrance manufacturers lament the fact.

Retailers, aware that men still are unsophisticated purchasers, are wary of sinking a lot of money into promoting male fragrance lines. Imogene Huwyler, AAFES cosmetics buyer, said this year AAFES will be spending some money to promote men's scents, but that they won't be promoted deeply.

"We thought that higher priced fragrances would make a difference — get things going, Huwyler added. "But it appears that men aren't willing to turn loose the extra dollars. We are counting on mid-priced, mass-merchandised and basic items," she said.

According to a recent study, fastest growth is expected in toiletry gift sets. The study, prepared by research firm Packaged Facts, says that men's-women's fragrance duo lines and men's toiletry line extensions also should become popular during this decade.

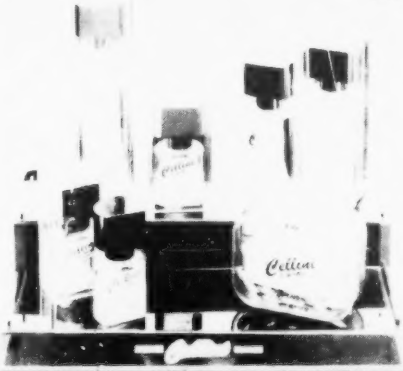
Packaged Facts' report says, however, that the negative impact of the economy will put a damper on this area. The large number of fragrances for men also will cause some market confusion. And, most importantly, the male's conservative attitude will keep sales from reaching the level of women's fragrance sales. The company expects men's fragrance sales to total about $500 million this year.

During the recent Father's Day buying spree, retailers reported that many quality men's fragrances, including **Halston, Lagerfeld, Polo, YSL, Chaps** and **Aramis** were top appealers.

Since many companies offered either gift-with-purchases or purchase-with-purchase promotions, retailers also were able to tally customer's response to these items.

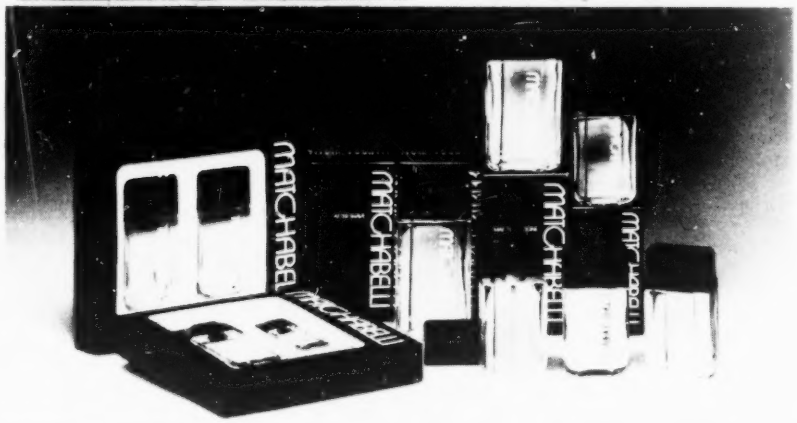
Among those that were reported successful were **Royal Copenhagen's** bag promotion and **Halston's** p-w-p grooming products promotion. MM

Fragrances '80



FABERGE is introducing a new male fragrance line, Cellini, this month. Cellini is named after a famous 16th century Italian goldsmith, and has an Italian image.

PRINCE Matchabelli's new line to roll out this month carries the name of the company's founder, Matchabelli. It emulates the spirit of Georges Matchabelli, an exiled Russian nobleman who became a perfumer in America during the 1920s.



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will emulate the legend of Prince Matchabelli — a real Russian nobleman who was ruined by the Bolshevik Revolution. He immigrated to the United States during the flapper era and went on to become a top perfumer. The Matchabelli man, above all, is master of his own destiny. He is daring and invites passion.

Faberge, manufacturer of **Brut**, also has created a new fragrance that will be rolling out this month. The line — **Cellini** — is named after the famous 16th century Italian gold-smith. Cellini thus projects a Continental mood and appeals to the Continental type: suave, dashing and fashionable.

The Cellini line carries an Italian theme of red, white and green packaging on glass. The scent is a blend of citrus, spice, herbs, wood, musk and amber. The line will be available for sale in the military in October.

Each of these four new products — Scoundrel, Sophia, Matchabelli and Cellini — are mid-priced lines sure to appeal to the budget-conscious, yet fragrance-oriented public.

There's more news in the men's market. **Parfums Lagerfeld** is introducing a line of four "trend-setting men's grooming aids" this month, as line extensions of the **Lagerfeld** fragrance brand.

The four new products include a talc, a moisturizer, a moisturizer bronzer and a beard softener/cleanser. Michael G. Kazimir, vice president and general manager of Parfums Lagerfeld, told MILITARY MARKET that moisturizers and bronzers for men are trends for the 80s. "Men are more interested in skin preps now, including bronzers," he said. A military sales representative for Parfums Lagerfeld added that the line will be monitored in the civilian market to determine if the military man will be interested in such items.

What this short list of new product introductions does not imply, however, is that a fragrance explosion indeed has been taking place during the past decade.

Maurice Maurin of Créations Aromatique told recent Fragrance Week attendees in New York that the number of fragrances introduced in the last ten years is more than were introduced in the previous 70 years.

Maurin said that between 1900 and 1969 176 women's fragrances and 149 men's fragrances were created. However, in the next ten years, 210 women's fragrances and 252 men's fragrances were created. Total number of sucesses — about one in 10. Between 1969 and 1979, 22 fragrances succeeded out of 210 newcomers. For men, 25 of 252 fragrances survived. Maurin added that perfumers still need more creativity.

The Fragrance Foundation sponsored the recent Fragrance Week, held June 9-13, conducting a number of activities to get New Yorkers more interested in fragrances.

Scent Sales

Of course the bottom line to campaigns and targeted marketing is fragrance sales. There has been modest growth in the industry, some but not many new fast-sellers, and lots of promotional experimentation.

Mid-priced fragrances were winners last year and this spring, according to a number of marketing reports. Among the women's scents that have fared well during the year, according to a *Cosmetics & Fragrance Retailing* report, were **Charlie, Enjoli, Chimère, Jontue, Chloé, Chanel, Emeraude, Youth Dew, Ciara, Halston, Opium and Shalimar.**

In the men's arena, those products scoring well this year have been **Jovan Musk, English Leather, Aramis, Halston, Old Spice, Brut and British Sterling,** according to the *C&FR* report. Retailers rate these as tops because of their moderate price, their quality and advertising support.

In the military exchanges a number of these fragrances also are hits. In the Washington, D.C. area, for exchample, **Norell** and **Chloé** are the two top women's scents, according to talks with floor supervisors. In the men's area, several mid-priced lines are fast-sellers, including old-standbys **Old Spice, Brut** and **English Leather.**

Overall, the value of fragrance shipments to the trade should increase 12 percent this year, according to a Commerce Department report.

Soft Markets Are Firming Up

Now that 1979's record pack of canned fruits and vegetables has begun to dwindle, suppliers are beginning to recoup profits with higher prices on a smaller 1980 pack. Meanwhile, business with comstores keeps getting better, and some new ideas in packing may bring important changes to this nearly unchangeable market.

By John A. de Ferrari

A RECENT USDA report paints a picture for canned vegetables that is sure to brighten supplier smiles and lengthen consumer frowns. While noting that "despite heavy supplies and low wholesale prices, disappearance of canned vegetables has risen only slightly from a year earlier," the report goes on to state that "by fall, burdensome inventories will have been sold and a new smaller pack of most items will cause price rises."

The USDA finds a similar situation in canned fruit: "Stocks of processed fruit are generally above a year ago, although smaller packs for a few crops and higher marketing costs likely will keep prices up." Still, "the total supply of canned fruit for the coming year will be ample."

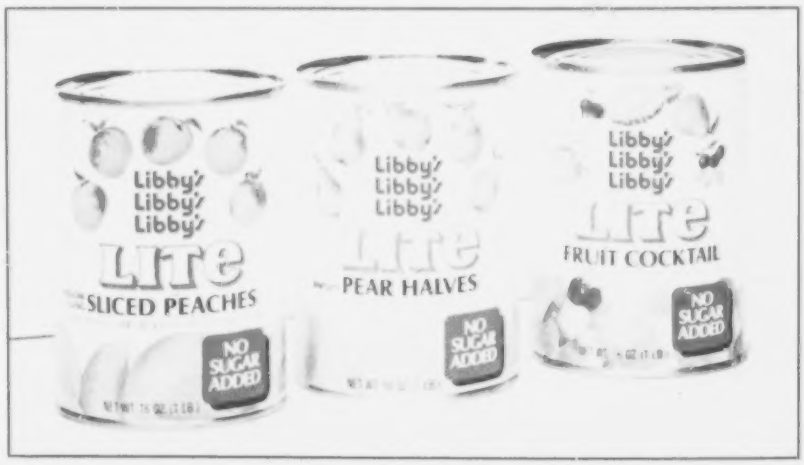
Packers have already announced "substantial" price increases — from 20¢ to $1.00 per case — on all seasonally packed canned fruits and vegetables. Processing costs, a perennial villain in the canning industry, have been largely responsible for the higher prices, though further price increases of this sort apparently do not loom in the immediate future. These processing costs include higher rates for labor, materials, and especially energy (which has been responsible for up to 50 percent of the increases).

Further price increases will depend on the quality and quantity of the 1980 pack, not yet harvested at press time. In some categories it's hard to say what prospects will be like. Droughts, heat waves, and other unusual weather conditions have wrought major changes in some product categories while leaving others almost unaffected.

Here is a category-by-category outlook for canned fruits and vegetables:

UP TO THE GODS

"The vegetable situation is entirely up to the gods," said one industry source. Severe heat and drought have taken their toll on Midwest vegetable crops this summer, but the news is not all bad. At one point nearly all vegetable crops in Minnesota were in serious danger from lack of rain. But rains finally fell in major packing areas, and now crop harvests will probably be close to normal.



Libby's new Lite fruits, packed in fruit juices rather than sugar syrups, are selling well in commissaries. Dole and Del Monte are test-marketing similar items.

CORN is one of the most uncertain commodity vegetables this year, though the canned corn situation is considerably more stable then the fresh corn situation. Much of corn for canning is grown in Missouri and northern Illinois, and the irrigated corn farms in that area are doing well, according to one military sales manager. But another source was not as optimistic. "Midwest corn crops could be in trouble." With a moderate carryover from last year, this year's pack will probably be adequate but not large, and the market will firm up.

A significant trend in canned corn sales is the trend in recent years from creamed corn to whole kernel corn, said one MSM. Six to seven years ago the two varieties, which are priced the same, sold equally well. Now whole kernel corn is outselling creamed corn 2 to 1.

The *PEA* pack last year was outstanding, with crops yielding 1.56 tons of net product per acre. Prices have been depressed and deals deep to reduce that inventory, but by fall a somewhat smaller 1980 pack should produce more normal inventories. The hot weather has had an adverse effect on pea crops, causing some to have to be passed over, and this has contributed to a smaller 1980 pack. Midwest MSMs concurred that "prices may go up, but not substantially (maybe four to six percent)."

(Continued On Page 30)

Canned Fruits and Vegetables

(Continued From Page 36)

TOMATOES have turned around much more dramatically. Overproduction of canned tomatoes and tomato products last year led to cutthroat competition and at-cost marketing that drove several small canneries out of business. Accordingly, 15 percent less acreage was planted this year. But unfavorably cool weather reduced the actual crop even further, so that 18 percent less product was actually packed this season. "Tomato products are going to turn around," MILITARY MARKET was told. "VPR's won't be as deep or as often."

"*BEANS* are pretty sturdy; they aren't as affected by adverse weather conditions as other crops. In general, it's hard to say at this point how well they'll do. But if anything, it'll be a matter of quality rather than of total product." This is how one West Coast MSM summed up the situation. The canned bean market was still soft this summer due to a large carryover from last year. Sources agreed that green beans will continue to be plentiful. But other categories — such as dried beans — are experiencing heavy demands and selling for higher prices. The dried bean market in particular is nearly "guaranteed" to stay firm since the Mexican government has been buying up immense quantities of American dried beans. In response to Mexican buying, planters have been planting extra crops and selling at higher rates.

One source noted that the *ASPARAGUS* crop is substantially smaller this year than expected. There will be a tight supply of canned asparagus; deals will be curbed and prices will rise accordingly.

One area of concern in canned vegetables is the relative rates of sales of name-brand versus second-label vegetables. Premium-priced name-brand vegetables have been gradually declining in sales, giving way to the cheaper second-label brands. People seem to be buying on impulse, according to price only.

"There is not much brand loyalty," a spokesman for **Progresso Quality Foods** told MILITARY MARKET. Accordingly, competition among packers is fierce. Packers accuse each other of "bastardizing" the product market by selling at cost or lower to reduce inventories. The fierce competition was strong enough to drive seven small packers out of business in 1979.

But one MSM was careful to explain that commissary requests for name-brand canned vegetables have remained steady. Commissary shoppers, who already buy at very good rates, are more interested in quality than the average shopper, according to this MSM. But the general market trend nevertheless has a parallel in the military, for second-label sales have been gradually climbing while name-brand sales have been merely holding their own.

Very orderly

Canned fruit was characterized for MILITARY MARKET as "a very orderly market." Crops and packs are generally reliable, as are consumer buying patterns. One packer told us that "there will be firm markets in all fruits" while another predicted that "deals and allowances will be at about the same level this year as last."

However, the *APRICOT* pack is down this year because of the damaging effect of excessive rains in California. Canned apricots, which hold about three percent of the total canned fruit market, may sell for substantially higher prices this year.

A spokesman for **Del Monte** predicted that deals in *PEARS* would be less deep this season and that one more round of price increases (in the area of one cent a unit) could be in store. It seems that although there is a large carryover of pears this year (as well as peaches), the canned pear supply is not going to be appreciably affected.

A **Libby** spokesman elaborated: "We expect a good crop on the two major items of *PEACHES* and *PEARS*. Unfortunately the fruit is getting very large. There is a shortage of the smaller fruit used in packing the buffet (8 oz.) and 303 (16 oz.) sizes. — You just can't get the big fruit in the little cans, especially the 8 oz. cans."

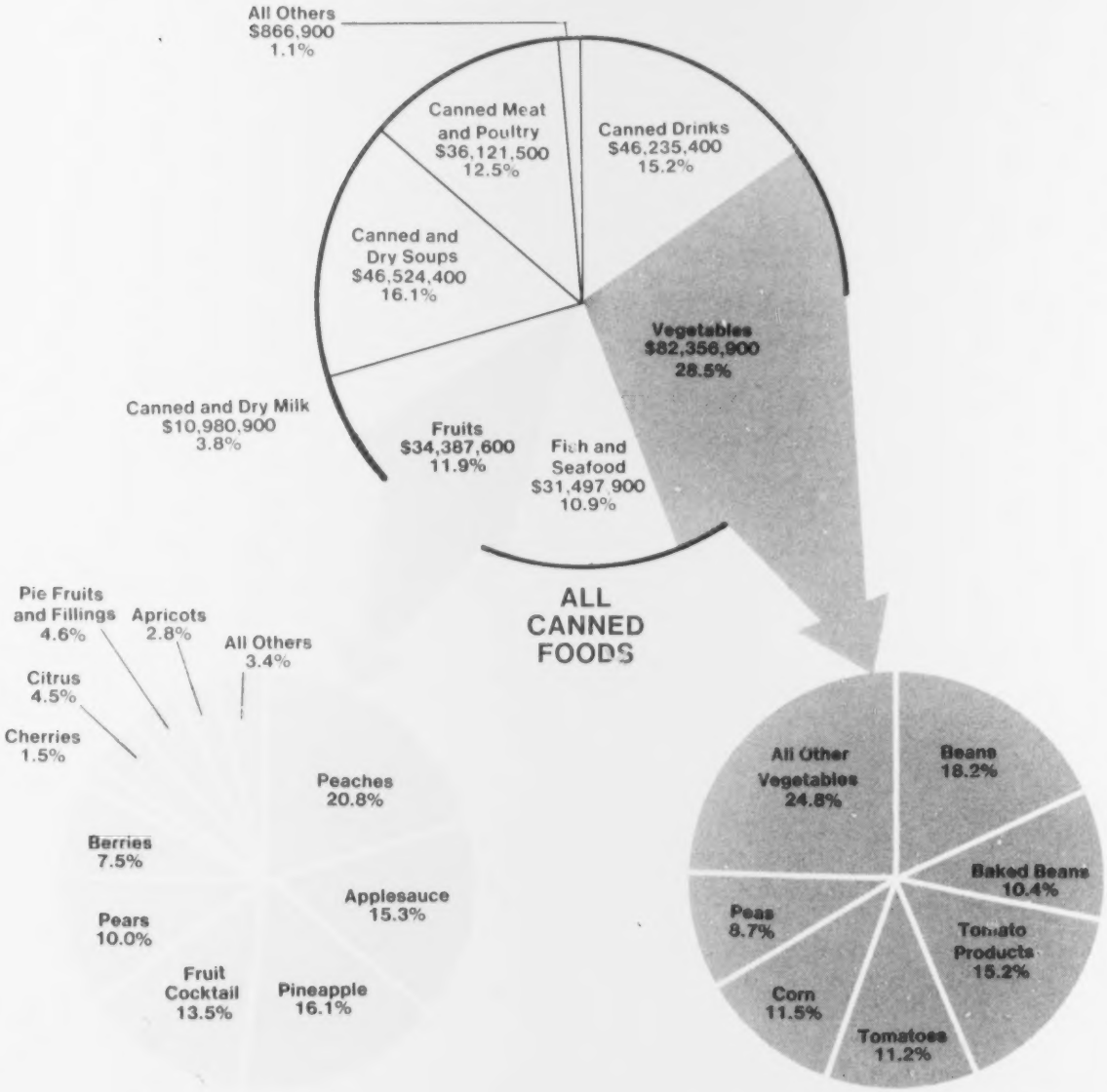
Dole, the major producer of canned *PINEAPPLE*, saw a firming up in the market due to rising freight charges. "Because pineapple has to be transported across long distances it is particularly susceptible to increased energy and transportation costs." Prices will probably go up at a moderate rate, from five to seven percent.

After three years of bad crops and tight supplies, the *CHERRY* supply is expected to be excellent this year. Crops in both Michigan and New York have been much better than last year, and prices are going to be "a hell of a lot lower," according to Jimmy De Bergh of **Old Virginia, Inc.** Canned cherries will sell for some 25¢ cheaper per pound. *BERRIES* also have done outstandingly well and will sell from 30 to 50 percent cheaper than they did last year. *BLACKBERRIES*, for instance, which sold for $1.08 - $1.15 per pound last year, will be running at 59-60¢. De Bergh cited both the good supply factor and the desire on the part of processors to keep inventories low as reasons for the price cuts this year. *STRAWBERRIES*, however, will not share in the lower prices because of a 25 percent loss of crop in Mexico. But California strawberry crops have been good, and the total supply should remain adequate.

APPLESAUCE sales continue to be outstanding, and apple crops — particularly on the East Coast — are unusually good this year. A spokesman for **Pet Inc.** mentioned an "extremely, extremely good crop and an extremely plentiful supply." Prices are predicted to continue to go up, but only marginally this year, the reason once again being the rising costs of packaging materials and energy. Some local Washington State apple crops were destroyed this year by the eruption of Mount St. Helens, but the loss will not have a significant effect on the total supply of canned apple products.

Applesauce, which controls an important share of the canned fruit market (15.3 percent of commissary sales in CY 1978), continues to show increasing sales. The **Duffy Mott Company** reports that applesauce sales were up by four percent in 1979 at the same time that other canned fruit categories were declining.

CANNED FOOD SALES IN COMMISSARIES WORLDWIDE, CY 1978
$288,971,600 (8.8 PERCENT OF ALL SALES)



SOURCE: Research Department, Army Times Publishing Company

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Down With Sugar

The supermarket press has been making a big to-do lately about a new development in canned fruit, the so-called "light" fruits. "Light" fruits are packed in fruit juices rather than fattening sugar syrups and are sold in the regular canned fruit section. Similar products have been marketed in the past, but they have generally been confined to the dietetic section.

The first major packer in the field has been Libby's, whose "Libby Lite" line has been extolled by a company spokesman as "the most successful canned fruit introduction probably ever in the industry." The Libby Lite line includes no-sugar-added fruit cocktail, peaches, pears, and chunky mixed fruit, all packed in a mixture of pineapple, grape, and apple juices. Since its introduction in January, Libby Lite fruits are reported to be moving well in commissaries. "Libby Lite fruits have given the canned food market a tremendous lift," our source con-

(Continued On Page 40)

Canned Fruits and Vegetables

(Continued From Page 39)

tinued. "The canned fruit market has been going down generally: sales of dietetic foods have been down even by 20 percent. But nothing has ever taken off like this."

The reasoning behind the new packing is that more and more of the American population is getting sugar-conscious. Healthful, nutritious foods are uppermost in the consumer's mind. But two other companies that are test-marketing juice-packed fruits are not as overwhelmingly ecstatic about the prospects. Del Monte's "Lite" line is being tested in a small market and will probably be expanding, as will Dole's experimental "Fruits in Juice." These competitors feel that while a genuine demand for canned fruit packed in juice may be developing, the trend is probably not of landslide proportions.

In related areas, there is even some talk now of testing no-salt-added canned vegetables. That would be the first new product in the canned vegetable market in years, but its chances for success are limited by the substantial difference in taste between salted and salt-free vegetables. The American palate may be too accustomed to salted canned vegetables to accept a new unsalted line.

Good Work

Industry sources were in aggreement about the good business they have been doing with the military resale system. All of them agreed that "VPR's and deals will always be possible with the military."

Some commentators pointed to recent trends in the military that packers find very pleasing. "The military resale system has relaxed of late," one said, "and has shown itself to give more cooperation to vendors, this in spite of the serious constraints it must deal with regarding number of line items, etc. Vendors are more eager to engage in promotional activity with the military than they used to be. And good work is being done in such things as building new commissaries." Other sources praised both the sophistication of the commissary shoppers and the reliability of orders from the resale system. "The support we've gotten from the resale system has been very good." (MM)

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Sales Sail on Choppy Waters

By Donna J. O'Neal

Soup sales have met the same gentle buyer resistance that many packaged product categories are experiencing, thanks to inflation and recession. As brand competition heats up in some new categories, retailers are reducing inventories to keep operating costs down. But processors warn that poor inventory management can be just as deadly as a soft economy.

THE SOUP CATEGORY is going through some changes as it enters the 80s.

As new formulations of soup types come on the scene, resale food operators must take time to assess the public's reception of the items and determine how best to merchandise the entire category.

And then there's the growing effect of a tight economy that gives no signs of loosening up in the next year or so.

The question then is: Do customers find soup products necessary and inflation-fighting — or are they apt to cut back in this area? And in a similar vein — how much are consumers willing to pay for convenience and ease versus budget-oriented items?

Most soup marketers make no glowing claims that in times of inflation, consumers buy more soup than ever before. But neither is there a fear that consumers will begin a major cutback. Yet retailers are dealing with an overall food purchase drop and are therefore cutting back on inventory. Including the heavily-stocked soup category.

That can hurt major foodprocessors who have long lists of soup items, available in a number of flavors, sizes and strengths. One of the major complaints military sales managers for soup processors have is that there are too many out-of-stocks in the soup category:

"If there is any recommendation for 1980," one MSM told MILITARY MARKET, "it's that the systems make a major commitment to improve shelfstocking efforts in the heavily inventoried categories. Obviously I mean the soup aisle.

"It means getting hold of reliable scanner data, even from other systems, and determining how best to stock the inventory in this area," he continued.

It also means finding quick efficient ways to get the demanded items on the shelves and replace them as they are purchased.

Dale Turner, NAVRESSO grocery merchandising specialist, has a flashy and fast way to deal with 10-oz. size soup cans.

As he demonstrates in the commissary merchandising course that he conducts for NAVRESSO employees, improved shelf stocker efficiency can make all the difference. Here's how Turner's method works:

The case is cut twice — first around the top, then around the bottom. The top is lifted off and placed nearby, bottom down. Then the midsection of the case is lifted up so it encircles the top layer of cans. Using a lot of arm pressure, the stocker slides the whole top level of cans into the upturned top tray of the case. The bottom layer of cans stays in its own tray.

And voila — two stacks of cans neatly and easily arranged in cardboard trays — upright — ready for pricing and/or shelf-stocking.

To carry out such clever techniques, though, Turner adds, it is necessary to have the proper equipment — cutting knifes, carts, work tables and space. And convincing stocking crews to try new techniques — based on the fact that they are easier and faster — also is key in keeping soup departments adequately stocked.

(Continued on Next Page)

THREE new Oriental soups are going national from Campbell Soup Co. They are Won Ton, Oriental Chicken and Beef Teriyaki. The introduction was sparked by the growth of Oriental canned food sales in the United States.

Sales Fare Well

1979 certainly wasn't a bad year for soup manufacturers, despite the fact that most would have liked to see it better.

According to civilian store reports, the overall market racked up about a three percent dollar sales increase for condensed soups between calendar years 1978 and 1979. Bouillon cubes had the greatest dollar sales increase — up about 20 percent over 1978. Single-strength soups and individual dry soup mixes also had healthy sales increases. Single-strength soups were up about 11 percent and individual dry soup mixes increased about nine percent over the previous year. Other dry soup mix sales increased at the rate of about three-and-a-half percent over the year.

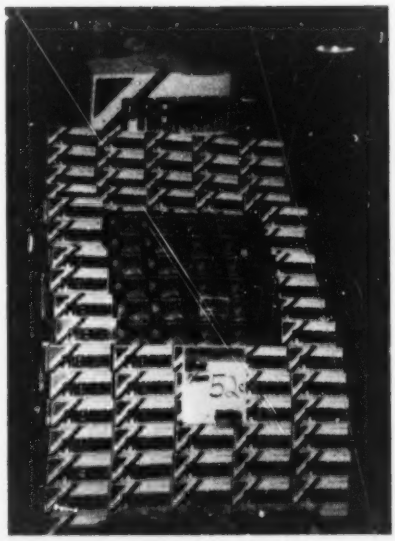
Campbell's is still king of the hill in the canned soup area — especially in condensed soups. However, because single strength soups have shown the greatest dollar sales increase, the company appears to be showing more interest in these items.

Last month the company announced it was moving two new chunky soup flavors into national retail distribution. These are Chunky Mediterranean Vegetable and 3-Bean Vegetable. The soups will be marketed with an "Old World Flavor" theme.

Talking about the new products, J.W. Dodd, Jr., product marketing director for the company, said, "The ease of building a meal around these hearty soups has contributed to the increasing consumer acceptance. In test markets, these two new varieties increased chunky soup business by almost 10 percent."

Chunky Mediterranean has chunks of red tomatoes, carrots, green beans, corn and shell macaroni in broth. Chunky 3-Bean Vegetable is a blend of kidney, butter, Great Northern beans, potatoes, sweet peppers and other vegetables in broth.

The company also is expanding in its condensed soup area. Three new oriental condensed soups were introduced into regional distribution in the Northeast and Midwest in early summer. Paul Mulcahy, a Campbell's product marketing director, said, "We are constantly working to develop new varieties consistent with consumer trends. The canned Oriental food market is growing at a rate of about four percent a year. Our three new soups are the first of their kind to be offered to the trade by a major food processor," Mulcahy noted.



THIS display at Williams AFB, Ariz., highlighted the tie-in promotion between Nestlé Souptime and Nabisco's Premium saltine crackers. A dump bin in front of the display holds more of Nestlé's Souptime flavors.

Won Ton soup contains won tons stuffed with chicken, seasoned in chicken broth. Oriental Chicken soup has pieces of beef, crunchy as bean sprouts, bamboo shoots, water chestnuts and chicken bits in chicken broth. Beef Teriyaki soup's has pieces of beef, crunchy bamboo shoots and egg noodles in a beef broth.

To spark interest in some of the company's older flavors, Campbell's is promoting 16 of its "red and white condensed soup varieties" as "Light Ones" — having 90 calories or less per 10 ounce serving. Each 10-oz. can has about two servings. "Campbell's 'Light Ones' are not new soups, just a new way of thinking about some long-time favorites," company promotional literature says. The recipes for making the soups have not changed.

However, the labels have. Each of the 16 soups has a label with a "Light One" logo and notes calories-per-serving on the front label. On the back are recipes for light lunchs and other low-calorie meals.

Another marketer of condensed soups, **H.J. Heinz Co.** is sticking with its original line of "Great American" condensed soups, packaged in 10-oz. cans. A company spokesman told MILITARY MARKET that the 10-oz. condensed can size remains the number-one size for soup sales.

Last year the company tested Heinz creamy soups, a line of high-end ready-to-serve soups in 14-¾-oz. clear jars. However, the company has withdrawn the line from test markets, according to a company spokesman.

In the military, the spokesman said, Heinz will continue to offer periodical price reductions. "That's the basic news we have for the soup department," he said.

Dry Ideas

Enter the dry soup market. And see the fracas. For the last couple of years, the new instant dry soups have been some of the real news makers in this area. This year, the dust still has not quite settled in the market, and so retailers and manufacturers will continue to experiment and test to see just how viable the products are.

The entire category was up about nine percent last year, according to civilian store reports. The number of companies in the market also is an indication that there is a good market, here.

Instant soup/lunch manufacturers include **Kraft, Lipton, Nestlé S.A., General Mills, Sanwa, Nissen, Maruchan Inc.** and **Grand Imperial** — a lot of companies with a host of brands all competing for consumers' favor.

But marketers will have to eliminate some customer confusion if this category is going to simmer down. Most retailers understand the difference between instant lunches and instant soups — the former take about three minutes to "cook" and include a pasta type base, while the latter are basically broth/meat based, and require only about 10 seconds to heat up. But consumers probably aren't completely clear on

how they differ or the benefits of purchasing both types of products.

One thing retailers can do, according to a Nestlé spokesman, is keep instant soups and lunches as close to the soup aisle as possible. "If retailers are going to build special displays, they should place them close to the soup aisle," the spokesman told MILITARY MARKET. This takes advantage of both impulse purchases and pre-planned purchases.

Last year the company added two flavors to the instant soup line — Alphabet and Cream of Garden Vegetable.

Another tack Nestlé has taken is to offer retailers, including military retailers, more generalized promotional programs.

"What we do," the spokesman said, "is offer retailers an entire list of promotional possibilities made up of all the products the company markets — including coffee, cocoa and soup. The retailers get to pick and choose, tailoring their promotional program to individual stores, according to how the customers' needs and demands are perceived."

Nestlé's "Parade of Values" promotion is designed to give store operators more control — and operators can request promotions for items not on the list and negotiate with the salesman.

In the military, in instant lunch flavors, chicken noodle currently remains the most popular flavor, a number of company spokesmen agree.

So what is the outlook for the soup market?

"Consumers aren't spending as much of their disposable incomes on food and stores have reduced the amount of inventory that they have warehoused," a Campbell's financial vice president reported to the company's stock holders. "But, as the recession continues, we would expect that a product such as soup would be somewhat recession-proof," he concluded.

DALE Turner, NAVRESSO grocery merchandising specialist, demonstrates how to use the cut mid-section of a case to slide the top layer of 10-oz. cans onto the case's cut off top. It takes know-how and arm pressure.

CANNED & DRY SOUP SALES AND UNIT MOVEMENT

Total Commissary Sales 1978: $46.5 Million

	1978 Commissary Sales	Dept. Percent	1979 Civilian Unit Movement
Dry Soup Mixes	$8.2	17.6%	7.1%
Indiv. Dry Soup Mixes			5.6%
Bouillon Cubes	$1.1	2.4%	2.0%
Canned Single Strength	$7.0	15.1%	11.6%
Condensed Soups	$30.2	64.9%	73.7%
Chicken Noodles	$3.7	8.1%	10.7%
Tomato Flavors	$3.5	8.1%	11.3%
Chicken Rice	$2.5	5.5%	4.7%
Mushroom Flavors	$3.4	7.3%	12.1%
Vegetable	$2.0	4.2%	4.3%
Vegetable Beef	$1.6	3.4%	2.8%
Broths	$1.4	3.0%	3.8%
Creamy Chicken	$1.5	3.1%	3.6%
Other Condensed	$10.6	22.8%	20.4%
Consommé & Bouillon			1.3%
Chicken Gumbo			1.0%
Chicken Vegetable			1.3%
Beef			1.2%
Vegetarian Vegetable			2.1%
Minestrone			0.9%
Bean, All Types			1.4%
Beef Noodle			0.7%
Clam Chowder			2.2%
Pea			1.6%
Turkey, All Types			1.1%
All Other			5.6%

Source: Army Times Publishing Co. Research Department & *Chain Store Age Supermarkets*
$ in millions

THE PAST IS NOT THE FUTURE

By Nancy Tucker
and
John A. de Ferrari

QUESTION: Which of the following statements characterizes the current status of construction programs in the resale business:

- *The past is not the future Thank God!*
- *The past is not the future. Oh, God!*

The answer, of course, is that both are equally true. More money is available today for building new exchanges and commissaries than there has ever been. But those additional dollars which have come from increased profits and surcharge funds are being eaten away by inflation in the construction industry.

Every resale system is experiencing deferrments in its construction program. Although inflationary pressures in the food and hardlines businesses have resulted in growing commissary surcharge construction and exchange capital expenditure pots, the inflation rates in these businesses have not been as great as inflation in the construction field.

Every recent discussion with a resale executive has brought this point to the fore.

Bill Cain, the Director of TSA's Midwest Field Office, says it like this: "The cost of construction is outstripping inflation in the food area, and so we've come up with a little shortage in our construction program."

A Navy engineer reluctantly admits that, "We're certainly scratching for the bucks right now."

And it's happened even at big-bucks AAFES. Higher than anticipated sales, favorable foreign exchange rates and lower-than-anticipated operating expenses created a recent five million dollar windfall for the capital expenditures fund. "We have had to delay some of our projects," one headquarters engineer told MILITARY MARKET, "but with the extra money we can now bring them forward. However, that five million won't mean any new projects," he said. "And unless we get some additional money, we'll have to slow down again."

More Stores

The last five years have seen some significant changes in the resale construction business.

On the commissary side of the house, the passage of the Military Construction Authorization Act permitted an additional one percent surcharge to be earmarked for store construction projects, a windfall that is benefitting shoppers on every continent that has a commissary store. Until the passage of the act, stores in each service were being built at about the rate of one a year, far slower than the rate at which many of the old stores were wearing out.

The commissary systems, of course, are still behind the curve in terms of having a plethora of up-to-date facilities. One survey by the Troop Support Agency, for instance, pointed out that Army needed to replace or modernize 126 of its 140 stores. This Herculean task would take more than 25 years to accomplish, at a cost of approximately $475 million.

While the one percent construction surcharge isn't curing all of the systems' old-store ills, it's a long way from the unlamented days when the stores had to compete for appropriated dollars right alongside requests for new housing, schools and headquarters buildings.

(EDITOR'S NOTE: A listing of new major construction and renovation projects begins on page 52 of this issue.)

The exchange services, too, have moved in new directions in the last half decade. Although they haven't experienced a new source of dollars such as has come to the commissaries, every exchange Facilities and Engineering office has been making conceptual design changes which reflect new

merchandising concepts as well as current economic realities.

High on the list of these changes has been the move toward exchange malls instead of strip-type shopping centers. And energy-conserving construction or alternative energy sources are being incorporated into virtually every new exchange design.

The Sun Shines In

The escalating costs of fossil fuels, for instance, is what's behind AAFES' move toward solar and geothermal energy sources.

The big exchange agency became interested in solar energy in 1975, and opened its first generation of solar heated and solar cooled exchanges at Randolph AFB, Tex. and Kirtland AFB, N.M., in 1977. These were demonstration projects to see if solar facilities could be built, and were partially funded by the Department of Energy in a program administered through DoD.

"We thought, for instance, that the payout on Randolph would be about 15 years," says engineer Bill Reardon, chief of the Standards and Criteria Branch at Dallas headquarters. "But that's gone down to eight years, based on the influence of utility costs. The savings at these two places have therefore been higher than we originally projected."

Reardon also pointed out that energy costs are continuing to escalate: they've doubled in the last four years, and are expected to double again in the coming three years.

After its initial excursion into solar projects, AAFES went on to a second generation of solar-assisted stores at Fort Polk, La. and Bolling AFB, D.C. These utilize high-performance vacuum tube solar collectors that generate temperatures higher than the first-generation flat-plate collectors. A third generation of solar projects is now under way.

Currently, of 46 solar projects which have been approved for federal buildings, 21 are AAFES stores.

AAFES is also moving into geothermal energy sources. The recently-opened shopping center at Wright-Patterson AFB, Ohio, is one such project. Water from an underground lake in the area is pumped to the surface, and 20 degrees of heat are removed from it. At Wright-Pat, warm ground water is in essence being used to operate a water-to-water heat pump.

AAFES sources describe geothermal heat as "a very simple, straightforward system that's less complicated than solar." While geothermal can bring energy savings of as much as 50 percent, it's limited in its usage to areas where there are available sources of underground water. Presently, a study is being conducted about a possible geothermal project at Fort Dix/McGuire AFB, N.J.

More Heat Than Light?

While exchanges need alternative sources of heat to come into the store, the commissary systems are more concerned with what to do with the heat they already generate.

"Chiefly because of our refrigeration equipment, our real problem is heat disappation," Col. Donald Hartman, TSA's Director of Facilities and Equipment told MILITARY MARKET. "There is therefore no real need for solar heat. What we're doing is working on heat reclamation projects, using them for space heating and water heating. Heat reclamation is part and parcel of the Corps of Engineers' design policy."

Lighting systems are another area that is receiving attention from commissary engineers.

"We very much have energy in mind," says Charles Pye, NAF Architect/Engineer at Marine Corps headquarters. "Lighting systems are big in both exchanges and commissaries. We're concerned, of course, about the heat that they generate, but we also have some concern about what they do to the appearance of things like meat and fabrics."

The Marines, says Pye, are moving away from incandescent lighting and toward flourescent and other lighting systems. They're also cutting back on foot candles and have reduced foot candleage from about 100 to a level of around 70. "We're trying to light the surfaces of things as opposed to general illumination," explains Pye.

Other energy-saving design and construction trends which have begun to make themselves apparent in resale stores include decreased use of vast expanses of plate glass (to reduce externally-generated heat which then has to be air conditioned) or, conversely, more glass (to save on lighting costs). Some systems are contemplating a move to microprocessors while others favor carefully-monitored time-clocks.

Design And The Future

But energy isn't the sole consideration for new store design, to the relief of operations and merchandising people.

"We're trying not to build permanent fixtures in our exchanges," explains the Marines' Pye. "We're going toward smaller departments with peripheral circulation of traffic. In other words, the building shell is permanent and the inside is as flexible as we can afford."

But nobody's getting carried away with innovative designs, either. "I resist jumping off onto new systems until they've proven themselves," says Pye. "After all, we have to pay for them ourselves!"

Central management brought certain personnel and operational changes to the commissaries, and it's had its influence in the construction area as well.

Today there are centrally-conceived design packages which assure that floor plans are as balanced to the needs of operating people as they are to the convenience of the architects. Each commissary system now has standard (but flexible) floorplan criteria that are furnished by headquarters offices to architectural and construction agencies.

What's ahead in design and construction? Well, the past — the recent past, anyway — is a good indicator of where construction programs are headed. Dollars are going to continue to be spent for new stores, but there are probably going to be continued deferrments because of the slippage in constant dollars. Nevertheless, resale engineers are attempting to offset some of this by programming for increasingly energy-efficient stores.

So we're not likely to return to the dark ages of no new stores. New stores still will be coming online, but at a slower rate. And the ones that are built are likely to be sleek, modern, and very energy efficient. (MM)

AAFES MAJOR CONSTRUCTION PROJECTS

INSTALLATIONS	PROJECT	$000	SIZE	OPENING DATE
Vogelweh, Germany	Expand Shopping Ctr.	$2547	20,065	May '80
Vandenberg AFB, CA	Shopping Mall	$3871	52,718	July '80
Hickam AFB, HI	Expand Shopping Ctr.	$1472	18,507	July '80
Wright/Patterson AFB, OH	Shopping Mall w/ Com.	$4280	69,140	Aug. '80
Fort Bliss, TX	Convenience Store	$284	3,150	Sept. '80
Hickam AFB, HI	Convenience Store	$821	7,000	Sept. '80
Malmstrom AFB, MT	Expand Shopping Ctr.	$2891	26,814	Oct. '80
Keesler AFB, MS	Expand Service Sta.	$413	1,800	Nov. '80
Schweinfurt, Germany	Expand Shopping Ctr.	$1273	12,080	Nov. '80
Fort Hunter Liggett, GA	Service Sta.	$234	1,500	Dec. '80
Kelly AFB, TX	Main Exchange	$753	8,960	Feb. '81
Fort Polk, LA	Convenience Store	$374	3,150	Feb. '81
Arnold AFB, TX	Main Ex. And Com.	$619	7,343	Mar. '81
Reese AFB, TX	Shopping Mall	$2130	35,100	Mar. '81
England AFB, LA	Shopping Mall	$2313	35,100	Mar. '81
Kunsan AB, Korea	Service Sta.	$268	2,160	Mar. '81
Osan AB, Korea	Expand Main Ex.	$427	6,060	Mar. '81
Aliamanu, HI	Expand Convenience Store	$705	5,100	Mar. '81
Fort Polk, LA	Fast Food Facility	$523	3,665	Mar. '81
Fort Polk, LA	Filling Station	$346	256	Mar. '81
Fort Stewart, GA	Convnce. Store w/ Gas Pumps	$366	3,150	Mar. '81
Giessen, Germany	Convenience Store	$564	6,000	Mar. '81
McConnell AFB, KS	Shopping Mall	$1837	30,695	Apr. '81
Columbus AFB, MS	Shopping Mall w/ Com.	$1988	29,653	Apr. '81
Travis AFB, CA	Expand Shopping Ctr.	$2384	14,840	Apr. '81
Myrtle Beach AFB, SC	Expand Shopping Ctr.	$1504	19,604	Apr. '81
Fort Sill, OK	Convenience Store	$339	3,150	Apr. '81
Randolph AFB, TX	Convenience Store	$444	4,200	Apr. '81
Altus AFB, OK	Shopping Mall	$2171	35,100	May '81
Langley AFB, VA	Expand Service Sta.	$400	2,434	May '81
Little Rock AFB, AR	Convenience Store	$479	4,200	May '81
Fort Bragg, NC	Convnce. Store w/ Gas Pumps	$474	3,150	June '81
Incirlik, Turkey	Expand Main Ex.	$1995	18,000	July '81
Griffiss AFB, NY	Convenience Store	$396	4,200	July '81
Fort Ord, CA	Launderette	$389	3,200	Aug. '81
Fort Buchanan, PR	Relocate Shopping Ctr.	$3357	31,606	Sept. '81
Pease AFB, NH	Shopping Mall	$2876	46,900	Sept. '81
Carswell AFB, TX	Expand Shopping Ctr.	$1502	16,665	Sept. '81
Fort Gillem, GA	Relocate Shopping Mall	$1797	50,200	Sept. '81
Stuttgart, Germany	Expand Shopping Ctr.	$5924	42,000	Sept. '81
Cameron Station, VA	Convenience Store	$1209	13,934	Oct. '81
Fort Lewis, WA	Expand Shopping Ctr.	$3466	43,124	Oct. '81
Wurtsmith AFB, MI	Convenience Store	$419	3,150	Oct. '81
Bolling AFB, DC	Filling Station	$336	600	Nov. '81
Offutt AFB, NB	Expand Service Sta.	$337	6,060	Nov. '81
Bitburg AB, Germany	Expand Main Ex.	$1131	14,000	Dec. '81
Fort Hood, TX	Convenience Store	$587	7,000	Dec. '81
Scott AFB, IL	Expand Shopping Ctr.	$2333	23,458	Dec. '81
Barksdale AFB, LA	Convenience Store	$350	4,212	Dec. '81
Eglin AFB, FL	Mini-Mall	$980	10,651	Dec. '81
Fort Hood, TX	Expand Service Sta.	$225	3,024	Dec. '81
Fort Lewis, WA	Convenience Store	$571	4,212	Dec. '81
Luke AFB, AZ	Convenience Store	$536	4,212	Dec. '81
Fort Hood, TX	Central Kitchen	$855	14,060	Jan. '82
Travis AFB, CA	Convenience Store	$585	4,212	Jan. '82
Tobyhanna ARD, PA	Main Exchange	$1075	17,890	Feb. '82
Chanute AFB, IL	Convenience Store	$521	4,212	Feb. '82
Holloman AFB, NM	Expand Shopping Ctr.	$894	10,275	Feb. '82

ARMY COMMISSARIES, MAJOR PROJECTS

INSTALLATIONS	PROJECT	$000	SIZE	OPENING DATE
Fort McClellan, AL	Main Store (Mall)	$4559	54,570	Feb. '80
Camp Zama	Equip. for new store	$31	equip. only	Mar. '80
Fulda, Germany	Equip. for new store	$199	equip. only	July '80
Heilbronn, Germany	Main Store	$3418	14,478	Sept. '80
Aschaffenburg, Germany	"	$4558	34,020	Dec. '80
Fort Greely, AK	"	$1887	6,000	Feb. '81
Taegu, Korea	"	$1665	48,952	Mar. '81
Fort Gillem, GA	"	N.A.	85,520	Aug. '81
Heidelburg, Germany	"	$3159	81,855	Sept. '81
Fort Belvoir, VA	"	$10746	117,720	Dec. '81
Fort Buchanan	"	N.A.	25,900	Dec. '81
Schweinfurt, Germany	"	"	45,750	Dec. '81
Kitzingen, Germany	"	"	41,580	Sept. '82
Fort Benj. Harrison, IN	"	"	58,753	Dec. '82
Hanau, Germany	Main Store (mall)	"	105,930	1982*
Fort Leavenworth, KS	"	"	71,125	June '83
Fort Lewis, WA	Main Store	"	3,300	Mar. '83
Fort George G. Meade, MD	"	"	114,480	1983*
Fuerth, Germany	"	"	85,065	1984*
Patch Barracks, Germany	"	"	41,177	1984*
Fort Jackson, SC	"	"	71,150	1985*
Yong San, Korea	"	"	19,038	1985*
Presidio of S.F., CA	"	"	76,345	1986*
West Point, NY	"	"	63,665	1986*
Wuerzburg, Germany	"	"	59,118	1987*
Fort Myer, VA	"	"	104,650	1988*
Carlisle Barracks, PA	"	"	12,000	1988*

*year construction is to begin; project planning in definition phase

MARINE CORPS EXCHANGE MAJOR PROJECTS*

INSTALLATION	PROJECT	$000	SIZE
Cherry Point, NC	Convenience Store	N.A.	3,740
Cherry Point, NC	Ex. Complex	$5268	96,624
Camp Lejeune, NC	French Creek Ex.	N.A.	14,400
" (Berkeley Manor)	Loc. Ex.	N.A.	7,210
" (New River Air Sta.)	Exchange	N.A.	20,000
" (Courthouse Bay Loc.)	Exchange	$472	7,200
Parris Island, SC	Air Condition Ex.	$150	—
" (Triangle Branch)	Exchange	$731	7,500
"	Woman Marine Rec. Is & Beauty Shop	$219	2,048
Yuma, AZ	Modify Svce. Sta.	N.A.	925
Twentynine Palms, CA	Fast Food Rest.	N.A.	3,000
Twentynine Palms, CA	Enlarge Retail Sales Area	N.A.	4,278
Camp Pendleton, CA	Wire Mtn. Loc. Ex.	N.A.	7,200
" (Horno Area)	Loc. Ex.	$706	7,000
San Diego, CA	Ex1. Outlet Bldg. 9	N.A.	16,450
Iwakuni, Japan	Temp. Controlled Whse.	N.A.	2,000

*projects under construction as of August 1, 1980

NAVY COMMISSARIES AND EXCHANGES, MAJOR PROJECTS

INSTALLATION	PROJECT	$000	SIZE	B.O.D.
PSNS Bremerton, WA	Food Svcs. Addn.	$993	15,000	June 80
NAS Cecil Field, FL	Retail & Svcs. Exp.	$1435	16,600	June 80
NWS Charleston, SC	Retail Store	$1418	25,000	July 80
NS San Diego, CA	Canopy & Gas Pump Is.	$251	4 Pump Is.	July 80
NAS Barbers Point, HI	Services Bldg.	$653	15,000	Aug. 80
NB Pearl Harbor, HI	Bevg. Store, Gas Pumps	$538	4,000	Oct. 80
NS San Diego, CA	Fleet Exchange	$1861	25,800	Oct. 80
NSB New London, CT	Convenience Store	$600	6,200	Nov. 80
NSA Mare Island, CA	New Comstore	$3000	34,000	Jan. 81
NB Norfolk, VA	Fast Food Outlet	$448	3,000	Feb. 81
NAS Oceana, VA	Convenience Store Addn.	$570	7,000	Apr. 81
NB Norfolk, VA	Tire Center	$250	5,400	May 81
NAS Dallas, TX	Warehouse Addn.	$367	10,000	May 81
NTC Great Lakes, IL	NEX/CS Complex	$5300	114,000	June 81
NSB New London, CT	NEX/CS Complex	$4500	105,000	June 81
NAS Moffett Field, CA	Store Addn.	$700	5,000	June 81
NTC Great Lakes, IL	New Comstore	$3129	47,600	June 81
NS Keflevik, Iceland	Warehouse	$2130	39,000	June 81
NAS Brunswick, ME	NEX Complex	$2560	48,500	July 81
NAB Little Creek, VA	Convenience Store	$1260	25,300	Aug. 81
NAS Pensacola, FL	Gas Pumping Facility	$150	2 pump is.	Aug. 81
NSA Long Beach, CA	Convenience Store	$549	5,000	Sept. 81
NRMC Oakland, CA	Service Station	$273	2,200	Sept. 81
NRMC Portsmouth, VA	NEX Complex	$1100	16,000	Sept. 81
NSA Long Beach, CA	Comstore	$3300	50,000	Oct. 81
NSA New Orleans, LA	NEX Complex	$3091	47,000	Jan. 82

AIR FORCE COMMISSARIES, MAJOR PROJECTS

INSTALLATION	PROJECT	$000	SIZE	B.O.D.
Tyndall AFB, FL	New Store	$3577	73,500	Jan. 80
RAF Bentwaters England	"	$3455	51,750	Mar. 80
Nellis AFB, NV	"	$3647	63,000	Apr. 80
Cannon AFB, NM	"	$1961	43,500	June 80
Elmendorf AFB, AK	"	$6198	61,700	July 80
Holloman AFB, NM	"	$2459	36,154	July 80
Wright/Patterson, OH	"	$4359	92,350	Aug. 80
Eglin AFB, FL	Warehouse Addn.	$1468	30,172	Aug. 80
Myrtle Beach, SC	"	$588	13,100	Aug. 80
Randolph AFB, TX	New Store	$5109	87,339	Sept. 80
March AFB, CA	"	$3400	60,806	Sept. 80
Whiteman AFB, MO	"	$3358	48,292	Sept. 80
McClellan AFB, CA	Com. Modif.	$480	N.A.	Sept. 80
Hanscomb AFB, MA	New Store	$3900	80,549	Oct. 80*
Kadena AFB, Japan	"	$945**	81,000	Oct. 80*
Chanute AFB, IL	"	$5229	74,000	Nov. 80*
Little Rock AFB, AR	"	$4292	89,738	Nov. 80*
Andrews AFB, MD	"	$4658	94,454	Dec. 80*
Patrick AFB, FL	"	$5483	86,000	Jan. 81*
Dyess AFB, TX	"	$3956	54,923	Jan. 81*
Seymour Johnson AFB, NC	Commissary Addn.	$2230	18,585	Jan. 81*
Arnold AFB, TN	New Store	$1740	19,968	Mar. 81*
Columbus AFB, MS	"	$2570	51,000	Apr. 81*

*completion date (B.O.D. unavailable)

**includes only cost of fixtures and equipment, Japan finances actual construction.

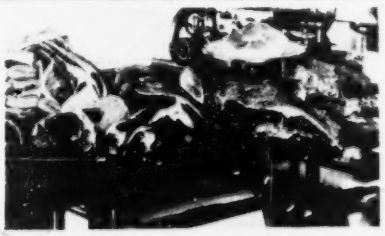
COAST GUARD COMMISSARIES AND EXCHANGES, MAJOR PROJECTS

No major construction projects have been approved at this date.

MARINE CORPS COMMISSARIES, MAJOR PROJECTS

INSTALLATION	PROJECT	$000	SIZE	B.O.D.
MCRD Parris Island, SC	Main Store	$2338	33,000	1981
MCAS Cherry Point, NC	Main Store (Mall)	$2178	48,000	1981
MCB Camp Lejeune	Improve Main Store & Annex	$345	N.A.	N.A.
MCLB Albany, GA	Main Store	$2200	33,000	1981
MCAS Kaneohe Bay, HI	Improve Main Store	$250	N.A.	N.A.
MCAS Iwakuni, Japan	Main Store	$1600*	N.A.	1983
MCLB Barstow, CA	Main Store	$1500*	N.A.	1984
MCAS(H) New River, NC	Branch Store	$1500*	N.A.	1985

*estimate



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COMMISSARIES

		MAY			YEAR-TO-DATE		
		CY'80	CY'79	% CHANGE	CY'80	CY'79	% CHANGE
AIR FORCE	CONUS	$121,919	$114,923	+6.1	$576,457	$542,703	+6.2
	OVERSEAS	25,312	22,712	+11.4	117,740	104,536	+12.6
	TOTAL	147,231	137,635	+7.0	694,197	647,239	+7.3
ARMY	CONUS	92,144	86,433	+6.6	433,680	400,540	+8.3
	OVERSEAS	29,016	25,263	+14.9	133,328	121,555	+9.7
	TOTAL	121,160	111,696	+8.5	567,008	522,095	+8.6
NAVY	CONUS	49,226	47,294	+4.1	229,450	217,654	+5.4
	OVERSEAS	6,060	5,445	+11.3	27,836	25,524	+9.1
	TOTAL	55,286	52,739	+4.8	257,286	243,178	+5.8
MARINES	CONUS	10,056	9,795	+2.7	47,373	44,645	+6.1
	OVERSEAS	165	167	-1.2	743	763	-2.6
	TOTAL	10,221	9,962	+2.6	48,116	45,408	+6.0
COAST GUARD	CONUS	434	414	+4.8	2,176	2,162	+0.6
	OVERSEAS	128	142	-9.9	667	599	+11.4
	TOTAL	562	556	+1.1	2,843	2,761	+3.0
ALL COMMISSARIES	CONUS	273,779	258,859	+5.8	1,289,136	1,207,704	+6.7
	OVERSEAS	60,681	53,729	+12.9	280,314	252,977	+10.8
	TOTAL	$334,460	$312,588	+7.0	$1,569,450	$1,460,681	+7.4
GROCERY STORES	U.S.[1]	$18,276 bil.	$16,055 bil.	+13.8	$84,692 bil.	$75,506 bil.	+12.2

EXCHANGES

AAFES	CONUS	$192,569	$167,649	+14.9	$849,841	$755,347	+12.5
	OVERSEAS	135,694	116,195	+16.8	641,356	564,416	+13.6
	TOTAL	328,263	283,845	+15.6	1,491,197	1,319,763	+13.0
NAVY	CONUS[2]	83,625	71,771	+16.5	370,037	323,853	+14.3
	OVERSEAS[2]	32,283	28,391	+13.7	147,923	136,529	+8.4
	TOTAL[2]	115,908	100,162	+15.7	517,961	460,384	+12.5
MARINES	CONUS	24,004	20,987	+14.4	106,904	97,283	+9.9
	OVERSEAS	3,626	3,191	+13.6	16,692	14,680	+13.7
	TOTAL	27,631	24,178	+14.3	123,597	111,963	+10.4
COAST GUARD	CONUS[3]	4,840	4,723	+2.5	22,096	22,168	-0.3
	OVERSEAS[3]	610	596	+2.4	2,787	2,797	-0.3
	TOTAL[3]	5,451	5,318	+2.5	24,883	24,964	-0.3
ALL EXCHANGES	CONUS	305,038	265,130	+15.0	1,348,878	1,198,651	+12.5
	OVERSEAS	172,213	148,373	+16.1	808,758	718,422	+12.6
	TOTAL	$477,251	$413,503	+15.4	$2,157,636	$1,917,073	+12.6
DEPARTMENT STORES	U.S.[1]	$7,742 bil.	$7,157 bil.	+8.2	$32,546 bil.	$30,082 bil.	+8.2

Individual figures may not add to totals, due to rounding. All sales are expressed in millions (add 000), except for grocery stores and department stores, which are in billions. Commissary sales include appropriate surcharges, and exchange sales include concession volume and mail order sales.

[1] Source: U.S. Department of Commerce.

[2] Does not include sales of ship stores.

[3] MM estimate, based upon official data.

NOTE

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Military Market

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Fightin' the Blues

Readin', Writin', and R & R

p.34

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VOLUME 31, No. 10

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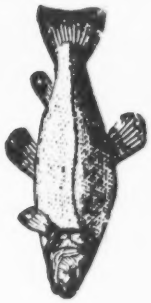

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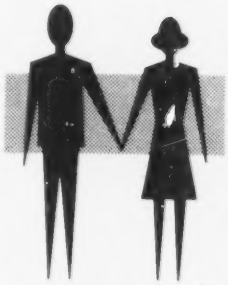

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Illustration by Garnett Sullivan

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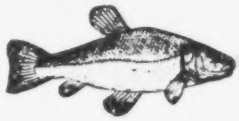
Canned Meats and Fish

A POTPOURRI OF POTENTIALS

By John A. de Ferrari



While chili and corned beef look good for the coming year, Vienna Sausages don't. Canned ham is up, but salmon's down. Tuna supplies may be tighter than ever. — What's going on here? Read on . . .

THE CANNED MEAT AND FISH category might as easily be referred to as "Miscellaneous." The only thing these various beef, pork and fish products share in common is their animal origins and their final destination in cans.

There are some products — most canned meats, for instance — that move at fairly stable rates. Others, particularly canned fish products, are more susceptible to fluctuating supply patterns. Likewise, consumer interest in some canned meat and fish products is gradually declining (a good example being Vienna sausages), while other types (like tuna and chili) are gaining ground. The only way to give an accurate account of the category is to discuss each product type separately.

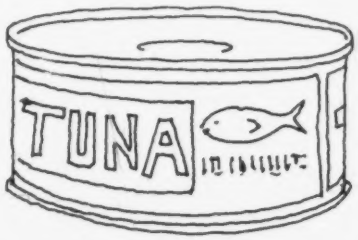
No More 'Mr. Nice Country'

The canned tuna industry is currently in plenty of hot water: 40 to 45 percent of all light tuna sold in the U.S. is either fished in Mexican waters or brought into the United States through Mexico. And all of that tuna has now been cut off by an embargo that took effect in July.

The situation is strictly political and entirely out of the hands of tuna processors. It came about this July when the Mexican government decided to enforce its 200 mile fishing limit along Mexico's western coast.

Before this time, American tunaboats were in the habit of sailing out of San Diego and fishing in Mexican waters — free of charge. An informal agreement on the matter was supposedly in effect between the two nations, but the Mexicans decided they could no longer afford to be "Mr. Nice Country," and to show they meant business about their 200 mile limit, they seized six U.S. tunaboats and confiscated their catches.

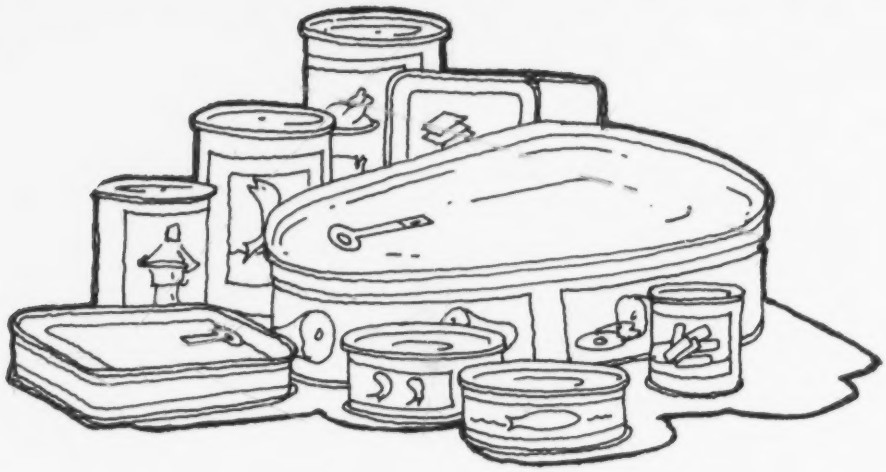
Under authority of the Fisheries Management and Conservation Act of 1976, the U.S. declared an immediate embargo on all Mexican tuna and tuna products. A spokesman for the Marine Fisheries Service told MILITARY MARKET that no progress had yet been made in resolving the problem.



A representative of the Mexican government explained that U.S. tunaboats would be free again to fish in Mexican waters as soon as they purchased special tuna permits, and that these permits are being required in order to preserve the species. The American argument against the permits is that a migratory species like tuna cannot be regulated by the country near which it happens to swim.

As the controversy continues, commissary store managers will have to expect some problems with availability of chunk light tuna. Smaller supplies may mean price hikes as well, if Mexican tuna continues to be cut off for a prolonged period of time.

The Mexican situation aside, tuna catches this year have been "fair," industry officials have said, "but not in the volumes we've had before." And the worldwide demand for the product con-



tinues to be high in terms of the supply that can be provided.

Tuna prices are likely to keep on rising, as they have been doing in the past. Processors continue to complain of their escalating costs for labor and materials such as tinplate. A particular problem with the tuna business is that it is a "tremendously fuel-intensive industry," one MSM told MILITARY MARKET. Tunaboats spend very little time in port, and may burn from 200,000 to 250,000 gallons of diesel fuel on each fishing trip. And no one needs to be reminded of the rising cost of petroleum fuels.

Best Bargain

On the bright side of the industry, tuna can still be characterized as one of the best bargains in protein foods, and nutrition-conscious shoppers are not likely to lose interest in the product. In fact, government figures show per capita consumption to be increasing gradually over the past decade. Health-aware consumers have also been bringing increasing sales to water-packed tuna instead of oil-packed: sales now average around 60 percent water-packed to 40 percent oil-packed.

As the calendar moves toward November and December — the ham season in the canned meat business — VPRs on tuna in commissaries will be fatter to try to keep the product moving. Canned fish and fish products generally pick up on their own during the Lenten season, and promotional activity generally falls back during that time of the year.

No Record Catch

1980 probably would have seen the biggest North Pacific salmon catch in years — but angry fishermen intervened. Faced with the prospect of greatly over-producing and accordingly netting low prices for their catches, the fishermen went on strike earlier this season. And while they were on strike, a full third of the potential salmon harvest swam upstream, spawned, and became useless for consumption.

The reason for the fishermen's unrest has to do with the unusual international market situation that occurred last year.

It all began with something similar to the Mexican tuna scenario: Russia decided to severly limit Japanese fishing privileges within the 200 mile zone around Siberia. The Japanese, needing to provide for a very big domestic demand, offered to pay unusually high prices for red salmon from the U.S. And the Japanese demand drove U.S. salmon prices during the 1979 season to an unprecedented high.

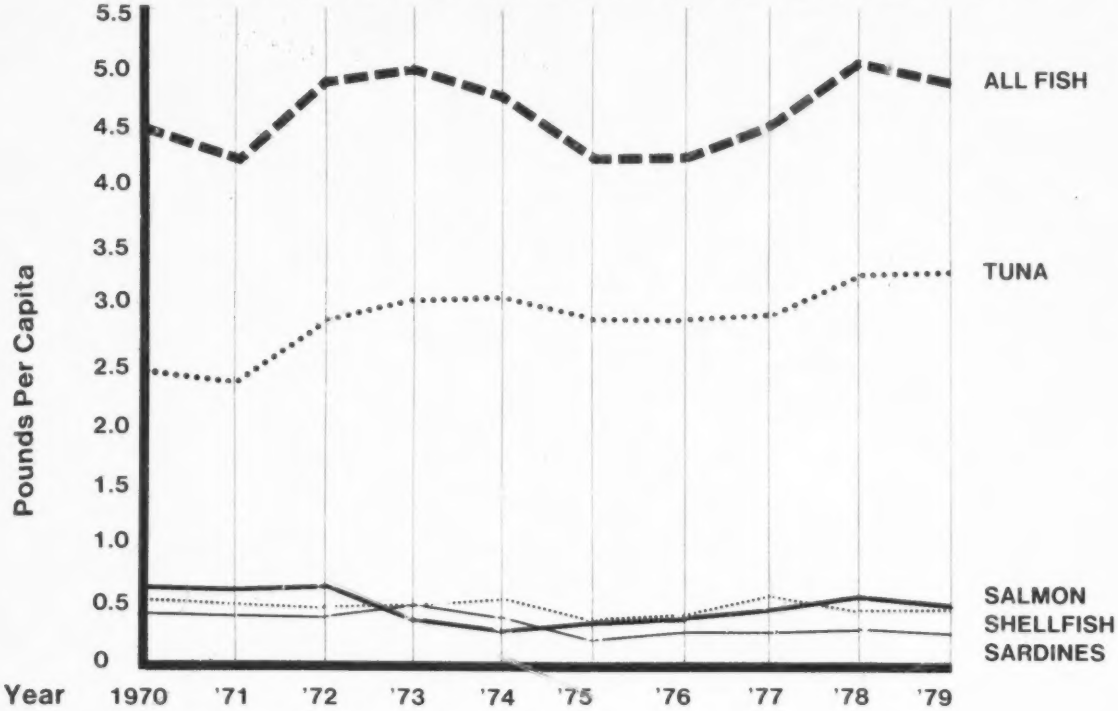
But then the Japanese market suddenly collapsed when Japanese consumers resisted the high prices and stopped buying imported salmon. This year the Japanese market was "virtually nil," according to one industry spokesman. The Japanese would purchase at only very low rates.

The net effect of the Japanese actions, aside from driving prices way up last year, was to throw a proverbial monkey wrench into the whole machinery of the salmon market. One major West Coast salmon fishery, the New England Fish Company, went bankrupt this May after investing heavily in the Japanese market. And fishermen would not have gone on strike if the Japanese actions hadn't left salmon prices plummeting at the beginning of this season. The watermen finally settled for a

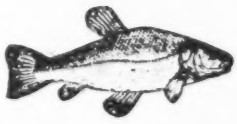
(Continued On Page 22)

Canned Meats and Fish

WAVERING HABITS: U.S. CONSUMPTION OF CANNED FISH



Source: Commerce Department, National Marine Fisheries Service



price somewhat lower than 1979's record high, but still higher than what they had at first anticipated.

From the consumer side, however, the situation appears much brighter. The two-thirds of the red (Sockeye) salmon harvest that was actually caught yielded a very good supply, despite the numbers of fish that were lost. This year's pack of red is therefore approximately 20 percent larger than last year's, according to the Canned Salmon Institute.

Figures for pink salmon were not yet in at MILITARY MARKET press time. The catch was "running a little behind," an industry spokesman explained, but might well pick up before the season concludes. Figures for Chum salmon, which accounts for only a small proportion of the total canned salmon market, were still pending at press time.

All in all, both prices and supplies should stay quite close to last year's levels. And in inflationary times, an unchanging price can represent a very attractive consumer buy.

As the charts accompanying this story show, it is difficult to say anything about "trends" in consumer consumption of salmon. There is always a high enough demand to absorb whatever supply can be produced, but the U.S. must compete with a high global demand, especially from the United Kingdom and Common Market countries. Hence the market is never too soft.

There is generally a lot of fluctuation in salmon production from year to year since salmon is caught only in a specific season (summer) and in a specific area (the northern Pacific Ocean), as opposed to a product like tuna, which is caught year-round in many different locations.

An industry spokesman described the difference in salmon types: "There's not much difference among the three species in terms of food value and flavor, but the red salmon is most highly prized because of its red color. Pinks have less color and are less expensive, while Chums, the least expensive variety, have the least color. It's almost entirely a matter of looks."

Despite salmon's variability, the industry makes the general

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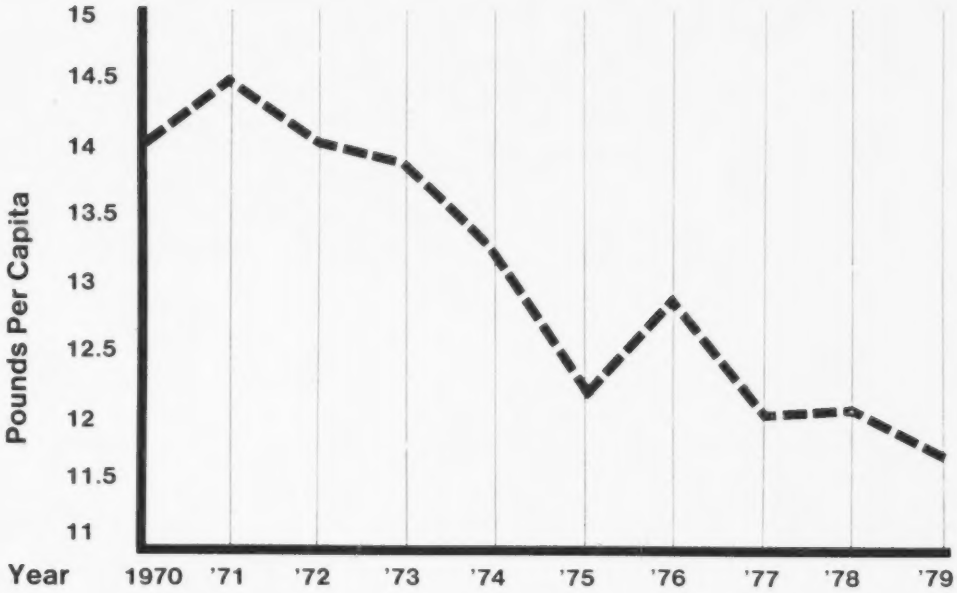
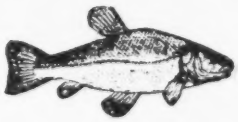
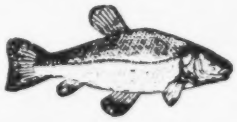
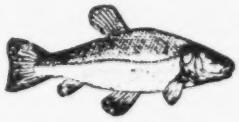
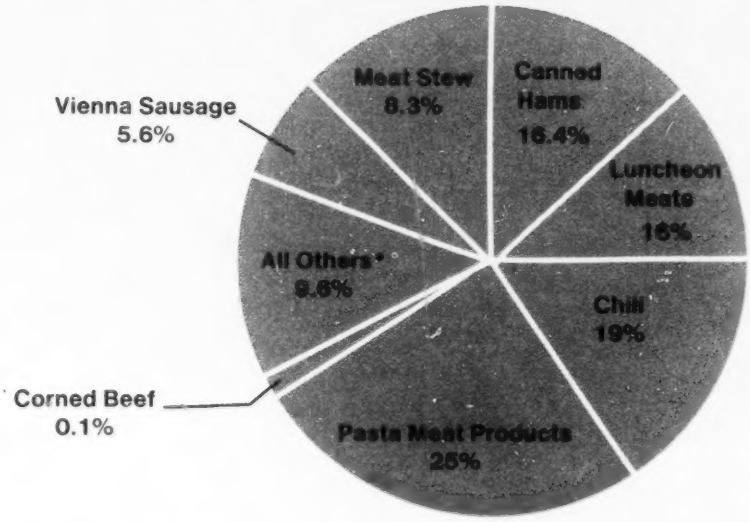
SLIPPING: U.S. CONSUMPTION OF CANNED MEATS 1970-1979



Source: USDA, National Meat Canners Association

U.S. VOLUME BREAKOUT OF CANNED MEAT VARIETIES, CY 1979



*Foods containing more than 20 percent meat.
Source: National Meat Canners Association

Canned Meats and Fish

(Continued From Page 22)

prediction that there will be a relative abundance of salmon over the next two to three years. Inflating costs for equipment, labor and processing will raise prices in the future, but at only a moderate rate.

A Mixed Bag

Figures for U.S. consumption of canned meats indicate that Americans are gradually cutting down on the canned meat segment of their diet, though the rate of decline is slight. Production of canned meats was down in 1979 from 1978's level, and will probably not increase much during 1980, according to the National Meat Canners Association.

The important thing to keep in mind is that not all canned meats are behaving the same way. Some are gaining in popularity while others are dropping off. MILITARY MARKET reported last year that canned chili was growing in sales at a rate of eight to 10 percent a year, and that trend is continuing this year. Other Mexican foods, such as tamales, are also growing. **Hormel** reports that its Tender Chunks line of canned ham, turkey and chicken — which competes directly against the canned tuna market — is doing very well. Canned corned beef is another product type that is gaining in sales, though it represents less than one percent of the total market.

So which products have been dropping off? In MILITARY MARKET's telephone survey of major processors, Vienna sausage was a frequently-mentioned ground-loser. Manufacturers concurred that the reason for the decline in sales has been the product's price sensitivity. Consumers have been responding to higher prices in Vienna sausages by simply not purchasing as many cans as in the past. One MSM who talked with MILITARY MARKET thought that a lack of promotional activity could be to blame as well.

Other canned meat products which have tended to flatten out in recent years have been potted meats, hash and beef stew.

Of course, the sales and pricing of canned meats are related to identical factors in the fresh meat business. Fresh meat prices tend to be much more erratic than canned prices, and if fresh meat suddenly goes up, store managers can often find that they are experiencing better sales in their canned meat categories as consumers look for more attractive alternatives to fresh meats. Competition between the categories can even override other processing cost considerations, as when plentiful fresh pork last year created a downward pressure on canned pork prices.

Pork Turns Around

Pork represents one of the biggest areas of difference between this year and last. Hog farmers reacted to the low prices they were getting last year by producing significantly less pork this year. Substantial price increases for canned hams have already been announced and may be followed by more of the same.

Plumrose, the purveyor of imported Danish canned hams, recently announced a domestic American canned product, but the company is finding that the domestic ham may be as expensive as the imported line. "This is a very unique situation," MILITARY MARKET was told, "and it reflects the high inflationary action that has struck the domestic market."

But sales of canned hams "are not really down," one MSM said. "The consumer is buying more pork of all kinds because beef is so expensive."

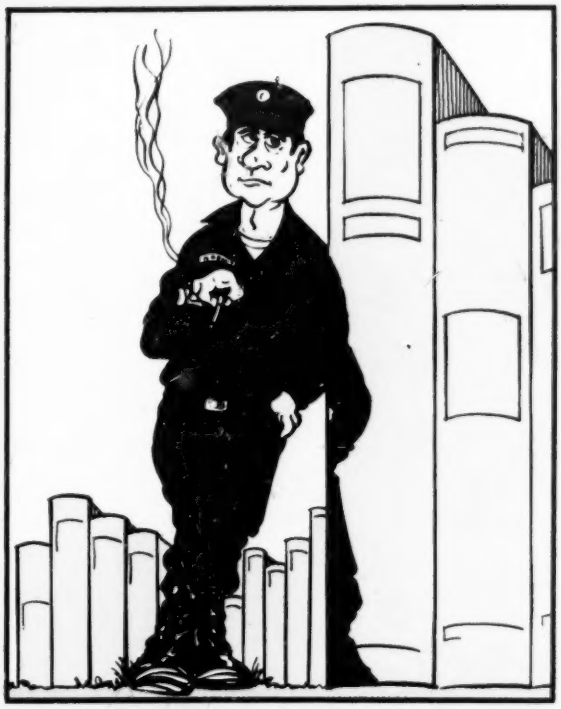
Promos and Demos

Imported canned hams, said one industry source, have such a low profit margin to the manufacturer that promotional allowances are only available at two to three percent. Or they aren't available at all.

But that feeling is not shared by some other manufacturers. One industry source said that "the high impulse characteristics of canned meats make them a highly favorable business for promotional activity." He predicted that his company's promotional activity would continue at its present rate.

Dennis Stewart, of **Armour-Dial,** told MILITARY MARKET that his company would continue aggressively to offer VPRs in the military. "Our products do well in the military, and we are very happy with their business," he said.

Armour-Dial also plans to offer in-store demos in commissaries for their chili and Treet luncheon meat lines. An attendant will be on hand at the demos to offer product samples to commissary shoppers in addition to 20¢-off coupons. Such aggressive marketing techniques are inevitably effective in drumming up extra sales. MM



Fightin' the Blues

By Susanne D. Williams

Sales of printed paper goods have been slack over the past years, forcing publishers, wholesalers and retailers to revamp their sales strategies. While profiting from them, exchange officials can also zero in on the latent reading and writing needs of their customers, whose sometime unhappiness with the military lifestyle can be fertile ground for new and exciting sales approaches.

RUMOR HAS IT that Johnnie can neither read nor write.

Reading scores, writing ability and general literacy of Americans are getting progressively worse, and the same sad saga emerges from all corners of the military establishment: G.I. Joe — Johnnie's military counterpart — is having difficulties in reading manuals and writing reports in a half-way coherent manner.

If such findings give heartburn to military commanders, they can as easily give headaches to those retailers in the military system concerned with the sales of books, magazines and stationery articles. Given the somber prognoses about customers' declining reading and writing abilities, selling books and magazines sounds like a chore tantamount to selling ice cubes to Eskimos.

G.I. Joe (and Jane) as well as their families are also spending a great deal of their leisure time watching TV, thus further compounding the problem of making them go back to books, these "lighthouses erected in the sea of time."

Facts And Figures

As a result, doom and gloom should be the reigning force in the world of printed paper. Yet, books, magazines and writing articles are still selling and, for that matter, not too badly.

In the civilian world, book sales amount to $6.3 billion and sales of writing instruments just reached a record high in 1979 with 2.97 billion units sold at $704 million at the wholesalers' level. During the same year, 443 million magazines were sold through subscriptions and in retail stores.

In the military, books, magazines and stationery articles were sold to the tune of $155 million in 1979 of which, extrapolating from AAFES and NAVRESSO figures, approximately $45 million were spent on books and magazines alone.

In addition, Stars and Stripes bookstores, serving the reading needs of service personnel and their families overseas, reported book and magazine sales in Europe for 1979 in the amount of $27 million.

Those figures show that G.I. Joe and Jane are still reading and writing to some extent. "To some extent," however, is hardly good enough for manufacturers and retailers who have a vested interest in pushing sales up higher.

1979 BOOK/MAGAZINE/STATIONERY SALES: AAFES AND NAVRESSO

	AAFES Department 6		NAVRESSO Departments C-2 & C-3	
Books, Magazines, Newspapers, Comics	**$35,072,455**	31.9%	**$9,550,000**	**31.0%**
Books	N/A	N/A	$3,820,000	12.4%
Mag./Newsp./Com.	N/A	N/A	$5,730,000	18.6%
Office Supplies	**$27,816,000**	**25.3%**	**$8,775,000**	**28.5%**
Paper Supplies	$11,764,115	10.7%	N/A	N/A
Stationery	$5,057,470	4.6%	N/A	N/A
Crayons/Art Supplies	$2,748,625	2.5%	N/A	N/A
Writing Instruments	$8,245,875	7.5%	N/A	N/A
Greeting Cards/Party Goods/Giftwrap	**$27,156,000**	**24.7%**	**$8,595,000**	**27.9%**
Greeting Cards	$12,753,620	11.6%	N/A	N/A
Decorations/Party G.	$6,266,865	5.7%	N/A	N/A
Wrapping Material	$8,135,930	7.4%	N/A	N/A
Typewriters/Calculators	**$17,151,420**	**15.6%**	**$2,925,000**	**9.5%**
Miscellaneous	**$1,682,100**	**2.5%**	**$955,000**	**3.1%**
Playing Cards, Decals	$1,682,100	2.5%	N/A	N/A
Gift Items	N/A	N/A	$955,000	3.1%
TOTAL	**$109,945,350**	**100%**	**$30,800,000**	**100%**

Increased sales are particularly needed in the area of books and magazines which have begun to lag behind those of home office supplies, a category that AAFES reports as the fastest growing one in the book and stationery department.

The rush on files, paper clips, staplers and other home office supplies appears to be a logical outgrowth of the increasing amount of paperwork required from families in the 1980s. In the past, acts of record-keeping, form-filing and corresponding were often accomplished with a little (not always legal) help of supplies "borrowed" from places of work. But families have become more and more aware of the fact that neat filing systems, orderly book-keeping and the proper utensils to

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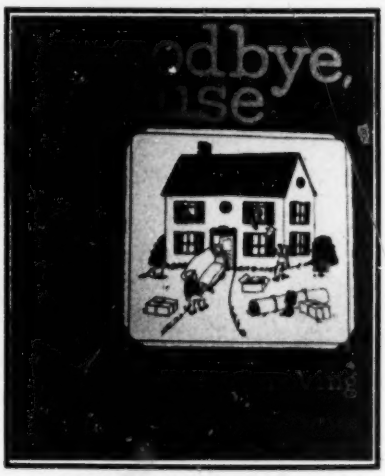
THE BIC ROLLER combines the qualities of a porous-point pen with that of a ball pen. The "roller' is the latest entry into the rolling pen market.



"GOODBYE, HOUSE" is a novel approach to easing the pain of moving on children. The workbook brims with ideas on what to do before, during and after the move, leaving ample room to let children write down and illustrate their experiences. A short guide for parents is included. Published by Harmony Books, New York.

do the job are necessary to stay abreast of the paper tide.

No Books, No Sales

Books and magazines, on the other hand, are more of a luxury item for which no urge or necessity exists. Not only are they items without obvious utilitarian value, they also compete with other forms of entertainment for those precious hours left after work.

For booklovers who would rather go without food than reading material, such thought processes do not exist. They will buy and read books regardless of other concerns, but for retailers their numbers are too small to rejoice.

"A small percentage of people reads books with any regularity," said Thomas D. McKee, VP of the Association of American Publishers. The majority, however, is too busy with other things, too disinterested or, plainly, incapable.

Books and magazine sales, overall, have increased very little over the past years. Although dollar sales have gone up, they reflect more the staggering increase of paper, postage and print costs than an actual growth in unit purchases.

To combat such bashful buying behavior, publishers and retailers are more and more looking at products with sharp marketing eyes. No longer content to stack magazines and books in racks and shelves, hoping that the product will sell itself, they have sought — and found — new outlets like supermarkets and drugstores and beefed up sluggish sales with TV ads and other promotional activities.

Rules Rule

Military retailers have profited some by the growing marketing efforts, but have also been hindered by rules and regulations pertaining to the printed goods.

For one, periodicals cannot be sold in commissaries, retail outlets which in the civilian world are more and more becoming the arena for sales. Since soaring postal rates and other subscription problems have shifted the emphasis to single copy sales, food and drugstores have begun to realize and maximize the profit potential of periodicals with 20 to 40 percent profit margins.

DoD Directive 1330.17, which lists the product categories allowed for commissary resale, does not include periodicals. According to a DoD spokesman, "The principal purpose of commissaries is to provide grocery and household items for patrons, and periodicals are not considered an appropriate item for commissaries."

At least one publisher has tried to overcome this hurdle, and internal discussions have taken place among commissary personnel. But nobody sees a push for including periodicals as commissary items or, for reasons of space and personnel, considers their inclusion feasible.

Aides to members of the Non-Appropriated Funds Panel of the House Armed Services Committee, the crucial decision making body in the process to change directives, told MILITARY MARKET that members at this point are not committing themselves one way or the other. This is due to the fact that the issue of selling periodicals in commissaries has not been brought to them on a formal basis.

Hardcore Problem

A second problem for military retailers is one they share with the civilian world. The sale of adult magazines or men's sophisticated

(Continued On Page 38)

"Freebies" — A Threat?

WOMEN'S MAGAZINES — full of recipes, money-saving hints, romance stories and advice columns — are a staple of most civilian retail magazine departments. But the peculiarities of the military lifestyle with its routine considerations such as family separations, frequent moves and isolation mean that the traditional "women's books" don't always speak to the military wife or woman.

There is a wide range of publications created to appeal to the specific concerns of military families. Some of these are of the official genre, installation-level mimeographed handouts, for instance, which feed the need for data about local conditions and services. Others, like *Army*, *Navy* and *Air Force Times*, are the services' equivalent to hometown newspapers, with news and features geared specifically to the military community. And yet another category includes the "freebies" which show up on installations worldwide, many of them slick variations of their civilian counterparts.

Does this range of newspapers and magazines provide a significant challenge to the circulation of civilian magazines? Are sales in exchange magazine departments skewed because of the availability of give-aways or other publications directed toward service personnel?

Discussions by MILITARY MARKET with sources in two commercial civilian-oriented publications indicate that major publishers have little fear of the free military-oriented publications. Both said that they hadn't seen any decline in their sales to the military which could be attributed to competition from give-away magazines. So publications aimed at the military don't appear to pose any significant threat to magazines that are sold through military facilities and which are primarily targeted to a civilian audience.

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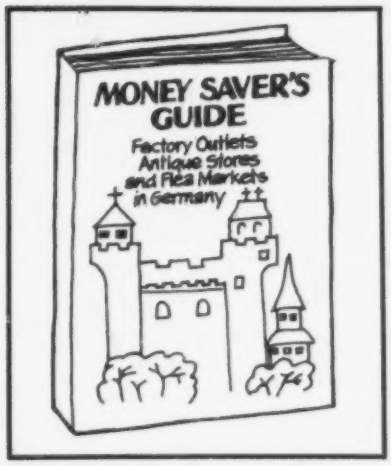

VICKI JOHNS's "Money Saver's Guide" entices overseas readers to venture out of the confines of military bases and housing by providing tips on how to obtain German goods at bargain prices. Johns is currently working on a similar book for product shopping in England.

magazines, as they are often called, is increasingly affected by public opposition to the fleshy ware which has prompted retailers to push it into display obscurity.

Military retailers are bound by the regulations codified in exchange manuals which define the concept of adult-oriented material and determine their sales location. For Navy exchanges, this means that adult magazines can only be sold from behind check-out counters, where they are partially covered by fixtures and also under supervision of clerks in attendance. AAFES stores carry adult magazines at the top of magazine racks and also insure that intimate details remain unseen.

Publishers of men's magazines are less than happy about this development, in particular, since competition forces them into increasingly "less is more" covers to stimulate sales.

Clean-Up-Thy-Act policies "don't help single copy sales," a *Playboy* spokesman said. "The true impulse buyer is lost." The military in particular caused a lot of problems a few years ago, he told MILITARY MARKET, but "finally they have come into the 20th century."

Scoreboard

Yet adult magazine publishers can find solace in the fact that their products are the number one bestseller in the magazine category in European military sales. For domestic sales, market preferences pretty much equal that of the civilian market, one distributor told MILITARY MARKET. In addition, bases vary in composition and preferences, which determine mix and popularity of reading material.

Magazines outsell hardbound and paperback books in dollar volume, with hardbacks occupying a lonely third place in unit sales. Hardcover books also take the back seat in civilian book sales, with mass markets raking in an increasing number of paperback sales.

Leader of the pack in civilian stores are romances and Western stories, hardly the fare more literary dreams are made of. Equally profitable is the sale of bestsellers, especially when tied in with current movie or TV hits.

Potential Customers

While military retailers can profit from such activities and must insure a healthy supply of what is *"de rigeur"* for their particular clientele, the potential of their book and magazine sales is still not exhausted.

There is, hidden in barracks and base housing, in ships and check-out lines, a vast number of military personnel and their families who, oblivious to sales figures of printed paper goods, lead a life of more immediate concerns.

It is this number of men, women and children who spend hours waiting in [illegible]s, who face frequent moves and family separations and who often have hours to kill in a "hurry-up-and-wait" environment who are the potential customers of books.

It is the same group of people who suffer from inflation and insufficient military pay, which reportedly leaves a lot to be desired and little to spend on frivolous entertainment.

They all lead a life which, in short, can stand a little emotional uplift that does not have to come from base psychiatrists, bottles or aromatic smoking material. It can, very simple, come right from the book and stationery department of the nearest exchange.

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BOOK SALES

	1979	Change 1978/9	1978	Change 1977/8	1977
STARS AND STRIPES BOOKSTORES (EUROPE)					
Hardbound	$8,002	+7.9%	$7,104	+11.9%	$6,343
Paperback	$5,916	+4.1%	$5,682	+12.8%	$5,036
Magazines	$13,662	+7.5%	$12,714	+9.6%	$11,597
BOOK SALES (USA)					
Trade	$1,016,100	+4.6%	$971,400	+16.7%	$832,400
Adult Hardbound	$608,300	+3.8%	$586,000	+16.9%	$501,300
Adult Paperback	$222,800	+10.3%	$202,000	+19.6%	$168,900
Juvenile Hardbound	$151,500	+4.3%	$145,000	+6.7%	$136,100
Juvenile Paperback	$33,500	-12.3%	$38,200	+46.2%	$26,100
Mass Market Paperback	$673,000	+10.6%	$609,000	+12.3%	$542,500
Rack-sized	$603,200	+10.8%	$544,300	+11.6%	$487,000
Non-rack-sized	$70,100	+8.4%	$64,700	+18.1%	$54,800

All sales in million (add 000)
SOURCES: Stars And Stripes, Europe; Association of American Publishers Inc.

(Continued From Page 38)

Simplistic? Maybe. But probably not as simplistic as it may sound. Merchandisers, in the business to sell products, know that more often than not they sell abstract notions like beauty and status rather than pots and pans or — for that matter — writing tablets and magazines.

The abstract notions sold by writing materials correspond to that promised by less legal and more lethal stuff: namely, relief from boredom, loneliness and frustration. They do, however, have the advantage of being more readily available, more socially acceptable — and cheaper to boot.

If sellers of books find it hard to translate their ware into stuff dreams are made of, a quick glimpse at activities outside of exchanges may change their minds.

There is, creeping up on base installations with the expressed permission of base commanders, a phenomenon superficially describable as "military freebies", that particular range of base newspapers, official bulletins and giveaway magazines which cater to the very needs and problems of the clientele they address.

It is not difficult for stationery departments to realize what types of needs and problems exist — and how to combat them effectively. The "freebies" have long realized that these issues can be dealt with in an upbeat fashion, and stationery departments may just want to follow the example they set — while at the same time trying to combat the competition they may signify.

Service-Related Strategies

For Navy families, for instance, deployments are a focal point — and it is around these deployments that retailers can market their wares. Ship schedules are usually well known in Navy communities — and around their dates and port of calls the goods can be displayed.

Cruises lend themselves particularly to stationery; atlases for kids to show them places Daddy will go to; inexpensive coffee table or travel books with pictures of overseas ports; albums, scrap books and diaries to keep family stories recorded; greeting cards with loving messages; how-to books for family members financially or emotionally impacted by the cruise; cookbooks describing exotic fare; stories taking place in just those places Daddy or hubby will see; and, last not least, wrapping material for some of the gifts that make a sailor's voyage more enchanting. All these products provide relief from boredom and give the service family a chance to experience the cruise in a positive fashion.

Military moves offer a similar chance to market together a number of related items: Again, books of stories that take place in the new locale; postcards, greeting

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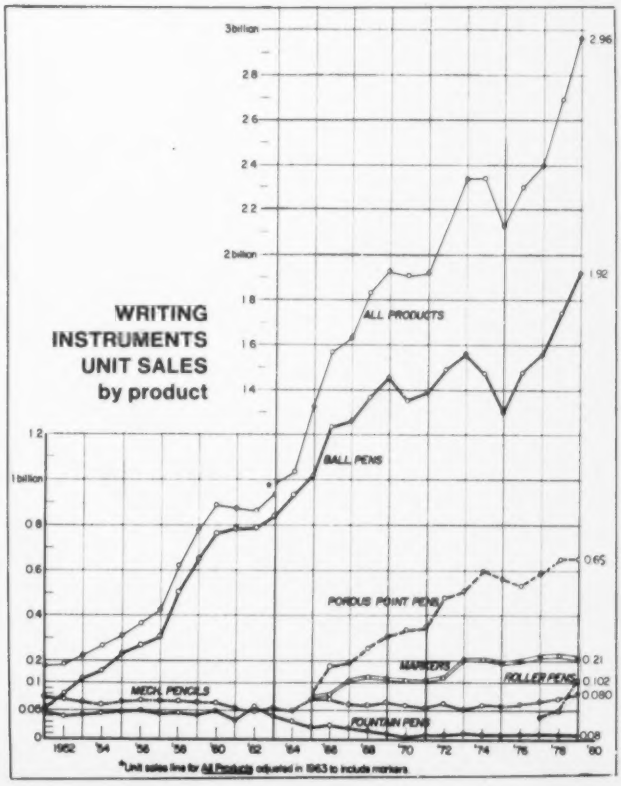

DEMOGRAPHIC PROFILE OF ADULT MAGAZINE BUYERS AND NON-BUYERS

	Heavy Buyers	Moderate Buyers	Light Buyers	Non-Buyers
Male	35%	39%	54%	53%
Female	65	61	46	47
	100%	100%	100%	100%
Age				
18-34	50%	43%	35%	26%
35-49	33	26	23	23
50 & over	17	31	42	51
	100%	100%	100%	100%
Income				
under $10,000	16%	[illegible]	50%	67%
10,000-19,999	57	44	38	25
20,000 & over	27	25	12	8
	100%	100%	100%	100%
Education				
less than high school graduate	17%	21%	40%	59%
completed high school	36	39	39	29
attended/completed college	47	40	21	12
	100%	100%	100%	100%

Source: "How and Why People Buy Magazines" (Port Washington, NY: Publishers Clearing House, 1976).

Books, Magazines, Stationery Goods

(Continued From Page 40)

and change-of-address cards for friends and relatives left behind; dining and touring guides for the new location coupled with atlases and roadmaps; decorating books and magazines for the new quarters; copies of local newspapers and magazines and military lifestyle books.

Ending deployments or unaccompanied tours lend themselves to a host of party goods displays, to balloons for kids to greet the returning family member, to crayons and cardboard to put up welcome signs and to candles to illuminate the homecoming event.

If no deployments or moves are in sight, focus can be put on the long and lonely hours service people spend before or after duty hours. Waits in terminals, waits at hospitals, waits in barracks until the short-timer becomes a civilian again all lend themselves to a concerted marketing effort with heavy emphasis on "making use of one's wasted time."

For those service people stationed overseas and too frightened to venture outside the protective base gates, a host of foreign language books, of books on the host country's culture, cuisine, beauty and travel opportunities and of, possibly, translations of local books may reduce the culture shock and open new possibilities for consumer and seller alike.

More Hints and Help

Such strategies certainly do not preclude the possibility of cross merchandising certain books and magazines with other exchange goods - fashion magazines in clothing departments, sports magazines in sporting goods departments and comics with toys.

Nor does an approach geared toward the peculiarities of a military life prohibit the possibility of opening "Family Reading Centers," a concept promulgated by publishers, wholesalers and distributors of books and magazines. These centers, areas within a store filled with books, magazines and greeting cards, encourage browsing — and thus buying — outside the regular aisle traffic.

So far, exchanges have not explored that possibility at all. According to Charles Jules of the Periodicals Institute, this organization "would be delighted" to help set up such centers which in one test store have already increased sales by 40 percent.

NAVRESSO cites the lack of sufficient space as the reason for not having investigated such centers for inclusion in exchanges. AAFES declares that "it presently does not have these (centers) nor are there any immediate plans for them."

Space is naturally a problem for exchanges and will most likely always be. Yet, reading centers can vary in size and larger stores may just want to give this reading center concept a try on a small scale.

They, as much as other organizations dedicated to increasing purchases and uses of books, can contribute to bringing the infamous non-reading and non-writing Johnnie closer to books — and make a healthy profit at the same time. MM

Military Market INDEX

COMMISSARIES

		JUNE			YEAR-TO-DATE		
		CY'80	CY'79	% CHANGE	CY'80	CY'79	% CHANGE
AIR FORCE	CONUS	$108,369	$116,603	-7.1	$684,826	$659,306	+3.9
	OVERSEAS	22,154	22,135	+0.1	139,893	126,671	+10.4
	TOTAL	130,523	138,738	-5.9	824,719	785,977	+4.9
ARMY	CONUS	82,784	89,128	-7.1	516,464	489,668	+5.5
	OVERSEAS	25,272	23,608	+7.0	158,600	145,163	+9.3
	TOTAL	108,056	112,736	-4.2	675,064	634,831	+6.3
NAVY	CONUS	41,437	45,627	-9.2	270,887	263,280	+2.9
	OVERSEAS	5,114	5,209	-1.8	32,950	30,733	+7.2
	TOTAL	46,551	50,836	-8.4	303,837	294,013	+3.3
MARINES	CONUS	8,435	9,064	-6.9	55,809	53,709	+3.9
	OVERSEAS	132	174	-24.1	875	937	-6.6
	TOTAL	8,567	9,238	-7.3	56,684	54,646	+3.7
COAST GUARD	CONUS	453	400	+13.2	2,628	2,563	+2.5
	OVERSEAS	140	88	+59.1	807	687	+17.5
	TOTAL	593	488	+21.5	3,435	3,250	+5.7
ALL COMMISSARIES	CONUS	241,478	260,822	-7.4	1,530,614	1,468,526	+4.2
	OVERSEAS	52,812	51,214	+3.1	333,125	304,191	+9.5
	TOTAL	$294,290	$312,036	-5.7	$1,863,739	$1,772,717	+5.1
GROCERY STORES	U.S.[1]	$17,206 bil.	$16,776 bil.	+2.6	$101,921 bil.	$92,282 bil.	+10.4

EXCHANGES

AAFES	CONUS	$190,222	$168,983	+12.6	$1,040,063	$924,330	+12.5
	OVERSEAS	136,314	115,906	+17.6	777,670	680,322	+14.3
	TOTAL	326,536	284,889	+14.6	1,817,733	1,604,652	+13.3
NAVY	CONUS[2]	81,353	71,683	+13.5	451,390	395,536	+14.1
	OVERSEAS[2]	31,418	28,558	+10.0	179,341	165,087	+8.6
	TOTAL[2]	112,771	100,241	+12.5	630,731	560,623	+12.5
MARINES	CONUS	22,605	20,827	+8.5	129,509	118,110	+9.6
	OVERSEAS	3,366	2,933	+14.8	20,058	17,613	+13.9
	TOTAL	25,971	23,760	+9.3	149,567	135,723	+10.2
COAST GUARD	CONUS[3]	4,825	4,667	+3.4	26,921	26,835	+0.3
	OVERSEAS[3]	608	589	+3.2	3,395	3,385	+0.3
	TOTAL[3]	5,433	5,256	+3.4	30,316	30,220	+0.3
ALL EXCHANGES	CONUS	299,005	266,160	+12.3	1,647,883	1,464,811	+12.5
	OVERSEAS	171,706	147,986	+16.0	980,464	866,407	+13.2
	TOTAL	$470,711	$414,146	+13.7	$2,628,347	$2,331,218	+12.8
DEPARTMENT STORES	U.S.[1]	$7,118 bil.	$7,020 bil.	+1.4	$39,658 bil.	$37,102 bil.	+6.9

Individual figures may not add to totals, due to rounding. All sales are expressed in millions (add 000), except for grocery stores and department stores, which are in billions. Commissary sales include appropriate surcharges, and exchange sales include concession volume and mail order sales.

[1] Source: U.S. Department of Commerce.

[2] Does not include sales of ship stores.

[3] MM estimate, based upon official data.

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